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September 27, 2012

Marlene H. Dortch
Office of the Secretary
Federal Communications Commission
445 12th Street, SW, Room TW-B204
Washington, DC 20554

RE: Application for Re-certification of Michigan's TRS Program, CG Docket No. 03-123

Dear Ms. Dortch:

Pursuant to the Federal Communications Commission's (FCC) July 25, 2012 Public Notice DA 12-1187 in the above referenced proceeding, attached for filing is an electronic copy of the Michigan Public Service Commission's (MPSC) application for Re-certification of Michigan's Telecommunications Relay Service (TRS) Program. Also attached is the supporting documentation in Exhibits 1 through 17.

The MPSC's current certification, filed on September 27, 2007, expires on July 26, 2013. Under the Commission's TRS regulations, each state or territory may file an application for "renewal" of its certification one year prior to expiration, *i.e.*, beginning on July 26, 2012. In the Public Notice, the FCC requests that the states file the renewal applications no later than October 1, 2012.

The information included in this application demonstrates that Michigan's TRS program complies with FCC requirements and federal law. Therefore, the MPSC respectfully requests that the Commission grant re-certification of Michigan's TRS program based on the following documentation provided.

Thank you for your attention to this matter. Please contact Susana Woolcock at woolcocks1@michigan.gov or 517.241.6240 if you have any questions.

Sincerely,

Robin Ancona, Director
Telecommunications Division
Michigan Public Service Commission

Telecommunications Relay Service
Application for Renewal of Current Certification
State of Michigan

Submitted to:

Marlene H. Dortch
Office of the Secretary
Federal Communications Commission
445 12th Street, SW, Room TW-B204
Washington, D.C. 20554

By:

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Statewide TRS Provider of Record:

AT&T Corp.
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Dallas, Texas 75202-4208

**Telecommunications Relay Service
Application for Renewal of Current Certification
State of Michigan**

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Exhibit 5 – Public Act 179 of 1991, as amended

Exhibit 6 – MPSC Case No. U-10086 (May 6, 1992 Order)

Exhibit 7 – MPSC Case No. U-10210 (November 6, 1992 Order)

Exhibit 8 – MPSC Case No. U-10672 (October 12, 1994 Order)

Exhibit 9 – MPSC Case No. U-10210 (November 26, 1996 Order)

Exhibit 10 – MPSC Case No. U-14458 (June 30, 2005 Order)

Exhibit 11 – Michigan Telecommunications Relay Center Advisory Board Report to the Legislature, January 2008

Exhibit 12 – State of Michigan Executive Order No. 2009 - 50

Exhibit 13 – 2009 Michigan Relay Center Advisory Board Report

Exhibit 14 – Michigan TRS Outreach

Exhibit 15 – MPSC Case No. U-10779 (April 13, 1995 Order)

Exhibit 16 – MPSC Case No. U-10900 (September 7, 1995 Order)

Exhibit 17 – MPSC Case No. U-14458 (April 28, 1998 Order)

INTRODUCTION

This is an application on behalf of the State of Michigan submitted by the Michigan Public Service Commission to have the Michigan Relay Service and Program re-certified under the regulations set forth under 47 C.F.R. § 64.605; 47 U.S.C § 225(c) and (d)(3)(B). The State of Michigan was last certified for the time period beginning July 2008.

Official notices, documentation, correspondence and questions related to this application should be directed to:

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State Certification Requirements

Title IV of the Americans with Disabilities Act (ADA) of 1990 mandated a nationwide system of telecommunications relay services to make the telephone network accessible to Deaf and people who are hard of hearing or who have speech impairments. Title IV of the ADA added Section 225 to the Communications Act of 1934. Section 225(f) of the ADA requires a state that chooses to provide a TRS program to be certified under the FCC's certification rules. Those rules, codified at 47 C.F.R. §§ 64.601-613, require that a state desiring Commission certification of its TRS program must establish that:

1. The state program meets or exceeds all operational, technical and functional minimum standards contained in 47 C.F.R. § 64.604;

2. The state program makes available adequate procedures and remedies for enforcing the requirements of the state program including that it makes available to TRS users informational materials on state and Commission complaint procedures sufficient for users to know the proper procedures for filing complaints; and
3. Where a state program exceeds the mandatory minimum standards contained in § 64.604, the state establishes that its program in no way conflicts with federal law.

The following pages will provide documentation that the Michigan TRS program meets these requirements for re-certification.

Background to Michigan's TRS Program

The Michigan Relay Center (MRC), Michigan's telecommunications relay service, was established by the Michigan Public Service Commission (MPSC) in its order in Case No. U-9117, dated March 13, 1990. (See Exhibit 1). The order directed local exchange carriers in Michigan to, among other things, design and implement a telecommunications relay system to provide intrastate communications for hearing and speech-impaired citizens of Michigan and to place the system in operation within 18 months of the date of the order. The order also created a three person advisory board (one person from the Commission, one Deaf or one person from the hard of hearing or speech-impaired communities and one from the Michigan LEC industry). Lastly, the order initiated a funding mechanism for the MRC which was addressed more specifically in the MPSC's March 13, 1990 orders in Case Nos. U-9385 (GTE North, Incorporated) and U-8987 (Michigan Bell Telephone Company). (See Exhibits 2 and 3).

AT&T Michigan (f/k/a Ameritech and a/k/a Michigan Bell Telephone Company), with the concurrence of all other local exchange providers in the state, undertook the process of operating the MRC on behalf of all basic local exchange service providers in Michigan. The MRC design proceeded with the objective of providing the highest quality service possible. Input for the design of the system was gathered via discussion with hearing-impaired communities, visits to other relay centers, and experiences from other TRS providers, and on May 29, 1991, the

MRC commenced operation. In its December 5, 1991 order in Case No. U-9117, the MPSC authorized the MRC to handle interstate calls originating in Michigan. (See Exhibit 4).

Effective January 1992, Public Act 179 of 1991 (the Michigan Telecommunications Act or MTA), Section 315, directed the MPSC, among other things, to require each basic local service provider to deliver a telecommunications relay service, on its own, jointly with other basic local exchange providers or by contract with other telecommunications providers. (See Exhibit 5). On May 6, 1992, the MPSC issued an order in Case No. U-10086, which acknowledged that all provisions of Section 315 were met through previous MPSC orders. (See Exhibit 6). The order also stated that the Commission had reviewed the requirements of the 1990 Americans with Disabilities Act and found that Michigan's relay service met or exceeded those requirements in all respects.

On November 6, 1992 the MPSC issued an order in Case No. U-10210 adopting the MRC Advisory Board's recommended minimum features for text telephone (TTY) devices that basic local exchange service providers must provide at cost to Deaf, hard-of-hearing and speech-impaired customers and public safety answering points. (See Exhibit 7). In a Settlement Agreement order issued by the MPSC on October 12, 1994 in Case No. U-10672, AT&T Michigan agreed to file a report entitled "Deaf Relay Service Reconciliation of Revenues and Expenses – Report for the Year ____" with full disclosure of all revenues and expenses incurred for the TRS system on an annual basis. (See Exhibit 8).

On November 26, 1996 the MPSC issued an order in Case No. U-10210 adopting the MRC Advisory Board's recommendation that both lower and higher-end TTY models be made available at cost, carry a two-year warranty and provide a two-year payment plan option. (See Exhibit 9).

On March 6, 2000 the FCC amended the TRS rules in Docket CC 98-67 to improve the quality of TRS and expand the kinds of relay services available to Deaf and consumers with hearing and speech disabilities. In particular, the Order required that Speech to Speech and Interstate Spanish Relay be made available by March 1, 2001. Other improvements and requirements of the order included:

ability to make pay per call calls, minimum typing speed of 60 words-per-minute (wpm) by the relay representative, faster answer performance, extended outreach to all callers for all forms of TRS, automatic transfer of emergency calls to 911, etc. In addition, 711 access to the state's relay center was mandated by the FCC to be made available by October 1, 2001.

The MRC Advisory Board submitted an application on March 17, 2005 to the MPSC requesting that the current TRS provider, AT&T Michigan, be allowed to offer enhanced access to switched telecommunications networks through the use of Captioned Telephone Service (CapTel™) for Deaf and hard-of-hearing. CapTel is an advanced form of TRS targeted towards the needs of the hard-of-hearing customer that may want to see and hear what the other party is saying. The conversation of the other party is shown on the display window of the CapTel telephone device. The MPSC issued an order on June 30, 2005 in Case No. U-14458, granting the MRC Advisory Board's application to allow the use of CapTel. (See Exhibit 10). On July 1, 2006, AT&T Michigan began providing CapTel service to 100 users in Michigan, adding up to 25 new users a month.

On November 22, 2005, Governor Granholm signed PA 235, which amended PA179 of 1991. The revised Section 315 expanded the MRC Advisory Board from a three-member board to nine members. Further, the revised Section 315 required that by no later than January 1, 2008, the board shall conduct a study and report to the governor and the house and senate standing committees with oversight of telecommunication issues on the ability for Deaf and hard of hearing and speech-impaired customers to access telecommunication services. The report was required to include, but was not limited to, activities by the commission to ensure reasonable access, impediments to access, identification of activities in other states to improve access, and recommendations for legislation, if any. Pursuant to Section 315(13), the MRC Advisory Board submitted its report to the Governor and Legislature on December 28, 2007. (See Exhibit 11).

On November 6, 2009, AT&T announced to the MRC Advisory Board that the MRC office in Dearborn, MI would close sometime in January 2010 due to the tremendous decline in call volumes. Michigan Relay calls, instead, would be handled by AT&T's National Relay Team (NRT). The NRT is composed of two

offices: Augusta, Georgia and New Castle, Pennsylvania which have fully staffed and experienced relay operators. The service transitioned without disruption and continues to be available 24 hours, 7 days week, and 365 days a year. Users can still dial 711 to connect to the MRC.

Per the Governor's Executive Order No. 2009-50, the MRC Advisory Board was abolished on December 28, 2009. (See Exhibit 12). The Michigan Relay Center's 2009 Advisory Board Annual Report was the final annual report issued by the MRC Advisory Board. (See Exhibit 13). As mentioned above, AT&T Michigan continues to file a report entitled "Deaf Relay Service Reconciliation of Revenues and Expenses – Report for the Year ____" with full disclosure of all revenues and expenses incurred for the TRS system on an annual basis.

CONTRACT STATUS

At the time of this application for re-certification, the relay provider for the Michigan Relay Service is AT&T, d/b/a AT&T Corp. with its principal offices located at 208 S. Akard St, Dallas, TX 75202-4206.

Under the terms of the agreement, AT&T provides traditional (TTY-based) TRS, Spanish language traditional TRS, and Speech-to-Speech (STS) service through its own call centers located within the United States. Additionally, AT&T provides traditional Captioned Telephone Service (CapTel ®) through call centers operated by Ultratec® and located within the United States.

The following page provides a checklist of the FCC Mandatory Minimum Standards current as of December 13, 2011 as listed on the FCC website at <http://transition.fcc.gov/cgb/dro/4regs.html> and as provided by AT&T.

**CHECKLIST OF FCC MANDATORY MINIMUM STANDARDS
CURRENT AS OF DECEMBER 13, 2011**

§ 64.604 Mandatory minimum standards.	Traditional TRS	Captioned Telephone
(a) Operational Standards		
(1) Communications assistant	MEETS	MEETS
(2) Confidentiality and conversation content	MEETS	MEETS
(3) Type of calls	MEETS	MEETS
(4) Emergency call handling requirements	MEETS	MEETS
(5) STS called numbers	MEETS	n/a
(6) Visual privacy screens/idle calls.	n/a	n/a
(7) International calls.	MEETS	n/a
(b) Technical Standards		
(1) ASCII and Baudot	MEETS	n/a
(2) Speed of Answer	MEETS	MEETS
(3) Equal access to interexchange carriers	MEETS	MEETS
(4) TRS Facilities	MEETS	MEETS
(5) Technology	MEETS	MEETS
(6) Caller ID	MEETS	MEETS
(c) Functional Standards		
(1) Customer Complaints	MEETS	MEETS
(2) Contact persons	MEETS	MEETS
(3) Public access to information	MEETS	MEETS
(4) Rates	MEETS	MEETS
(5) Jurisdictional separation of costs	MEETS	MEETS
(6) Complaints	MEETS	MEETS
(7) Treatment of TRS customer information	MEETS	MEETS

FEDERAL COMMUNICATIONS COMMISSION
TRS OPERATIONAL STANDARDS
Current as of December 13, 2011

(a) Operational standards —(1) Communications assistant (CA). (i) TRS providers are responsible for requiring that all CAs be sufficiently trained to effectively meet the specialized communications needs of individuals with hearing and speech disabilities.

All Michigan Relay CAs are required to complete a comprehensive and extensive TRS training curriculum which includes diagnostic modules that assess the capabilities for CAs to effectively meet the specialized needs of individuals with hearing and speech disabilities.

Core components of training include, but are not limited to, the following:

- **Disability awareness**
- **Deaf culture**
- **ASL gloss**
- **American With Disabilities Act**
- **Section 225 of the Telecom Act**
- **All TRS Call Types including Emergency calls**
- **Speech to Speech**
- **Spanish Relay**

All training packages, which have been designed and developed by AT&T for Michigan Relay are considered proprietary, but are available for review and inspection upon submission of executed nondisclosure documents. For purposes of this application, we have included outlines of the required training.

Initial Training of Michigan Relay Communication Assistants, Days One & Two		
Schedule for Initial Training of Communication Assistants		
Day One	Day Two	Days Three through Ten
Introduction to the Communicatively Challenged Community	Methods of Communication for the Communicatively Challenged Community	Fundamental Instruction in Technology and Procedures for Relay Service
I. Introduction to the Deaf Community and Relay: Day One		
A. The Role of the CA and Customer Diversity		
B. History of Deaf Culture, Education, and Sign Language		
C. In The Spotlight: Notable Deaf individuals and their accomplishments		
D. Common Questions about Deafness		
E. Americans with Disabilities Act (ADA)		
1 ADA & FCC Requirements for Relay Service		
2. FCC Requirements – 64.604 for Relay Personnel		
II. Methods of Communication: Day Two		
A. Introduction to American Sign Language (ASL)		
B. ASL Guidelines and Grammar Rules		
C. ASL Gloss		
D. Understanding ASL Translation/Interpretation		
1. ASL Translation/Interpretation as the Default		
2. Identifying Translation/Interpretation preferences - Relay Choice Profile		
E. Idioms in Deaf Culture - English and ASL		
F. Procedures for obtaining Relief		
Additional Resources: Books, Tapes and Websites Related to Deafness/Hard of Hearing		

Initial Training Outline For Michigan Relay Communication Assistants		
I.	<i>Module 1 – Introduction to Relay Service</i>	
	a.	Explanation of Relay Service
	b.	Identifying Customers Who Use The Relay Service
	c.	Explanation of How Relay Service Works
	d.	The Role of the Communications Assistant (CA)
	e.	The Customers' Expectations For Relay Service
	f.	Comparison of a Relay Call to a Call with an Operator
	g.	Availability of Relay Services
	h.	Code of Ethics – Rules for Relaying Calls – Relaying Verbatim, Appropriate tone for content and intent of conversation
	i.	Other Relay Operator Requirements
II.	<i>Module 2 – Introduction to the TTY</i>	
	a.	Background of the TTY
	b.	Parts of the TTY
	c.	Connecting a TTY to a Telephone System
	d.	Explanation of How a TTY Works
	e.	How to Use a TTY To Place a Call
	f.	Other Communication Devices
III.	<i>Module 3 – Introduction to the CA Work Station and Call Conditions</i>	
	a.	Equipment Used by CAs
	b.	Customer Information Displayed for Call Processing
	c.	Preparing Billing Records
	d.	Basic Call Process Steps
		<ol style="list-style-type: none"> 1. TTY-Voice, Voice-TTY 2. In Call Replacement 3. CA Relief Procedures 4. Gender Requests 5. Relay Choice Profile (RCP) 6. Personal Memory Dial (PMD)
IV.	<i>Module 4 - ASL Translation/Interpretation</i>	
	a.	Department for the Deaf and Hard of Hearing
	b.	Relay Customers
	c.	ASL Translation/Interpretation as the Default
	d.	ASL Grammar Rules
	e.	Understanding ASL Translation/Interpretation

	f.	Explanation of ASL Gloss
	g.	CA Proficiency Requirements in ASL/PSE Translation/Interpretation
	h.	Procedures for Obtaining Relief
	i.	Identifying Translation/Interpretation Preferences in RCP
V.	<i>Module 5 – Introduction to Voice Carry-Over (VCO) Calls</i>	
	a.	Explanation of Voice Carry-Over Calls
	b.	Procedures for Processing VCO Calls
		<ol style="list-style-type: none"> 1. Profiled 2. Not Profiled 3. TTY to Voice 4. Voice to TTY
VI.	<i>Module 6 – Basic Relay Calls</i>	
	a.	Recorded Messages/ PBD (Play Back Device) Usage
	b.	Procedures for Placing Calls to Beepers/Pagers
	c.	Toll Free Number Completion (800, 888, 866, 877)
	d.	Directory Assistance (DA) Call Completion
VII.	<i>Module 7 – CSIDS</i>	
	a.	Review of Commonly Used CSIDS Keys
	b.	CSIDS Quick Reference
	c.	Emergency Number Retrieval
	d.	Domestic “General” Rate Quote
	e.	Domestic “Computed” Rate Quote
	f.	International “General” Rate Quote
	g.	International “Computed” Rate Quote
	h.	Collect/Calling Card Billing to International Countries
	i.	Canada
	j.	Frequently Asked Questions & Key Actions
	k.	Keyword Help
VIII.	<i>Module 8 – Emergency Calls</i>	
	a.	Definition of Emergency Call
	b.	Call Steps for Securing Emergency Agency
	c.	Emergency Call Handling Procedures
IX.	<i>Module 9 – Alternate Billing</i>	
	a.	Alternate Billing Requests
	b.	Collect Calls
	c.	Third Number

	d.	De-tariffing Order
	e.	Person to Person
	f.	Calling Cards
	g.	Commercial Credit Cards
	h.	Prepaid Calling Cards
	i.	Coin Phone
	j.	Special Treatment Windows (STW)
X.	<i>Module 10 – Carrier of Choice</i>	
	a.	Identifying Carrier of Choice (COC) Calls
	b.	Relay Choice Profile Includes COC
	c.	COC Requested During Call Set Up
	d.	Using COC Calling Card
	e.	Current Listing of COC
	f.	Procedures for Non-participating COC
	g.	Billing Procedures for COC
XI.	<i>Module 11 – Specialty Call Types/ Call Processing</i>	
	a.	711 Dialing
	b.	Spanish Voice and TTY Transfers
	c.	900 Pay Per Call
		<ol style="list-style-type: none"> 1. 900 Number Requests 2. 900 Number Terminates to Recorded Message 3. 900 Number Answered by Live Person 4. Calls That Can Not Be Completed to 900 Numbers
	d.	511 Calls
	e.	STS Overview
		<ol style="list-style-type: none"> 1. Identifying Speech-To-Speech Calls 2. Processing STS Calls
	f.	Telebraille Customers (Pacing)
	g.	Hearing Carry-Over (HCO)
		<ol style="list-style-type: none"> 1. Explanation of HCO Calls 2. Comparison of HCO to VCO 3. Procedures for Processing HCO Calls
	h.	Specialty Call Types
		<ol style="list-style-type: none"> 1. Two-Line VCO or Voice Translation 2. Reverse Two-Line VCO or Voice Translation 3. Two-Line HCO or Hearing Translation

		4. Voice to Voice (VTV) 5. Voice to TTY (VTT) 6. VCO Privacy 7. HCO Privacy 8. Hearing to Hearing (HTH) 9. VCO to HCO (VTH) 10. Touch Tone Carry-Over (TCO) 11. 3-way Calling 12. Revised SLAM Procedures 13. SLAM Procedures
	i.	International Calls
	j.	Calls Terminating to Another Relay Center
	k.	Hold Guidelines
	l.	Customer Contact Process (Requests for Supervisor or Customer Care)
	m.	Internet Relay
	n.	Instant Message Relay
XII.	<i>Module 12 – DNIS Switched Calls</i>	
	a.	Procedures for TTY to TTY Calls
		1. Relay to OSD 2. Relay to OSD to Relay 3. OSD to Relay
XIII.	<i>Module 13 – Introduction to OSD</i>	
	a.	Explanation of Operator Services for Deaf (OSD)
	b.	Comparison of OSD to Relay Service
	c.	Type of Calls That are Permitted Through OSD and Availability

(ii) CAs must have competent skills in typing, grammar, spelling, interpretation of typewritten ASL, and familiarity with hearing and speech disability cultures, languages and etiquette. CAs must possess clear and articulate voice communications.

The State of Michigan recognizes the importance of selecting highly-qualified individuals for the Communication Assistant position. Prior to being hired, perspective CA candidates must qualify on several tests including a Telephone Ability test, an Oral Typing Skills Test, and an Oral Proficiency Interview.

After being selected during a rigorous employment screening process, Michigan Relay CAs are observed and tested (either pre or post employment) to ensure they

- **Possess clear and articulate voice communication**
- **Type a minimum of 60 words per minute on an oral typing test**
- **Have required grammar and spelling skills**
- **Are able to interpret typewritten ASL**
- **Are familiar with speech disability culture, languages, and etiquette**

Michigan Relay CAs undergo extensive training to ensure that all relay calls are handled accurately, courteously, efficiently, and in a manner that is sensitive to the needs of relay users. CAs are specifically trained to provide a functionally-equivalent service to what a voice user would experience without the use of relay. During initial training, important foundational relay principles such as “relaying verbatim regardless of content” are introduced and emphasized so that our new employees understand that they need to relay ALL calls regardless of content or intent, and in a tone of voice appropriate for the subject matter being relayed. CAs are taught to be as transparent as possible on calls and do not intervene in the communication process. CAs are given macros to assist in informing the caller of background noise and other activities that may occur during a relay call.

CA Training

Michigan Relay CAs participate in a minimum 80 hours of initial training period. The training stresses all the basic steps for processing relay calls, Disability/Cross-Cultural Training, and a variety of other related topics. The training encompasses simulated calls to help the CAs learn the material and follow appropriate call-handling steps. Prior to graduating from initial training, CAs are required to pass a series of written and skills-demonstration tests before they are allowed to process live calls unassisted. If a trainee cannot pass these tests and demonstrate proficiency, they will not be permitted to process live relay calls. CAs will be given additional instruction and coaching until they are ready to place live relay calls.

After this initial training program, CAs receive subsequent instruction and are coached while processing live calls in the relay environment. Readily available trainers and coaches will field any questions and provide feedback to the new CAs.

(iii) CAs must provide a typing speed of a minimum of 60 words per minute. Technological aids may be used to reach the required typing speed. Providers must give oral-to-type tests of CA speed.

The typing test for potential employment as a Michigan Relay CA requires applicants to successfully type at a minimum of 60 words per minute with a maximum error rate of no greater than five percent using an oral typing test.

CAs are tested three times per year on an oral typing test and also observed during live calls by Supervisors to ensure they maintain a typing speed above the required 60 wpm.

Although permitted under Commission rules, the typing tests administered do not use technological aids to assist in meeting the required wpm scores. The software counts the total number of characters including spaces and divides that number by five to determine the words per minute.

If a CA does not meet the 60 wpm requirement, the CA is taken off line for further training that includes various typing exercises to improve typing speed and accuracy.

The average typing speed of our current CA Team that supports the Michigan Relay Service is over 73 – without technological aids.

(iv) TRS providers are responsible for requiring that VRS CAs are qualified interpreters. A “qualified interpreter” is able to interpret effectively, accurately, and impartially, both receptively and expressively, using any necessary specialized vocabulary.

This requirement is not applicable to the Michigan Relay Service as it does not provide VRS as part of its state relay program.

(v) CAs answering and placing a TTY-based TRS or VRS call must stay with the call for a minimum of ten minutes. CAs answering and placing an STS call must stay with the call for a minimum of fifteen minutes.

As a matter of practice, the Michigan Relay Service minimizes transfers and reliefs to the extent possible. CAs only transfer calls when necessary. A change never takes place until either the calling or called party has completed their part of the conversation (typed or stated GA). Prior to transferring, CAs ensure that they have been processing a call for a minimum of ten (10) minutes for traditional relay and fifteen (15) minutes for Speech-to-Speech Service. The only exception is when a customer requests to be transferred to a different CA. Requests for the same CA to relay the entire conversation are honored whenever possible

When it is necessary to transfer a relay call, the sophisticated relay

platform used by the Michigan Relay CAs allows for a fully electronic transfer of the call. This takes only seconds and is done at not-intrusive junctions on a call that has already met minimum time requirements. Our electronic transfer ability allows for full transition of the call including any notes indicated by the CA in their scratchpad for processing of the call. This is a highly efficient process that does not disrupt the call underway.

Due to the complexity of Speech-to-Speech calls, CA reliefs are “manual” reliefs only. The relief STS CA will go to the CA position to complete the remainder of the call.

When a call is transferred to a relief CA, TTY customers are notified by the macro bearing the relief CA’s identification number and gender. Voice customers are notified by the announcement, “relief ca XXXX continuing your call.” These notifications are provided promptly when the call is transferred, which takes place only at non-disruptive junctures between the TTY and Voice parties’ conversation.

(vi) TRS providers must make best efforts to accommodate a TRS user's requested CA gender when a call is initiated and, if a transfer occurs, at the time the call is transferred to another CA.

The Michigan Relay Service has a good mix of male and female CAs allowing for the ability to accommodate most user’s request for a preferred gender prior to the start of a relay call or upon transferring the call to a relief or different CA.

When the TRS user requests a specific gender, the CA will type or say:

“Please hold while I check to see if a male/female CA is available”

If the requested gender CA is available, the CA will inform caller,

“Thank you for holding. We are able to accommodate your request. I am transferring your call now. One moment please.”

The CA will *electronically* transfer the call to the relief CA of the

requested gender.

When the call is transferred to a relief CA, the TTY user will be notified and see a message (macro key used) showing the relief CA's identification number and gender:

(relief ca XXXX M/F)

Voice customers are notified by the announcement "relief ca XXXX continuing your call."

These notifications are provided promptly when the call is transferred in a non-disruptive manner. The TRS user can then commence their conversation with the CA of their requested gender.

(vii) TRS shall transmit conversations between TTY and voice callers in real time.

All Michigan Relay calls are transmitted in real time to the extent possible. There may be times when calls terminate to a voice processing system or answering machine, when the caller is permitted to provide information upfront in order to be responsive to the recordings.

(2) Confidentiality and conversation content. (i) Except as authorized by section 705 of the Communications Act, 47 U.S.C. 605, CAs are prohibited from disclosing the content of any relayed conversation regardless of content, and with a limited exception for STS CAs, from keeping records of the content of any conversation beyond the duration of a call, even if to do so would be inconsistent with state or local law. STS CAs may retain information from a particular call in order to facilitate the completion of consecutive calls, at the request of the user. The caller may request the STS CA to retain such information, or the CA may ask the caller if he wants the CA to repeat the same information during subsequent calls. The CA may retain the information only for as long as it takes to complete the subsequent calls.

Michigan Relay callers must know their confidentiality and privacy is protected at all times. All Michigan Relay CAs and managers are required to sign and comply with a Pledge of Confidentiality and a CA Code of Ethics. The critical nature of confidentiality, adherence to FCC regulations, and State contractual requirements are emphasized during training and coaching discussions. The Pledge of Confidentiality is posted in each Relay Center. The CA Code of Ethics and Pledge of Confidentiality are regularly reviewed as part of CA performance plans. These codes have served to underscore the importance of customer privacy and protection.

Following is a copy of the Pledge of Confidentiality and the CA Code of Ethics that are used with the Michigan Relay Service.



AT&T Relay Services
CA CODE OF ETHICS

1. Communications Assistants will keep all call information strictly confidential. The only exception to this is if a call has to be transferred to another CA or the In-Charge Desk.
2. Communications Assistants must never give out telephone numbers.
3. Communications Assistants must never give out information about themselves except their gender and CA number.
4. Communications Assistants will convey the content and spirit of the speaker.
5. Communications Assistants will not counsel, advise nor express personal opinions except the tone of voice of the voice person.
6. Communications Assistants, as employees of AT&T, will strive to maintain high professional standards in compliance with the Code of Ethics and AT&T's Code of Business Conduct.

I have read and understand each of the Codes and I hereby pledge to abide and uphold the Code of Ethics.

Name (*sign*) _____

Name (*print*) _____

Date _____

Relay Service

Confidentiality Agreement

I _____ do hereby recognize the serious and confidential nature of Relay Service. I recognize the responsibility this places upon me and its bearing on my continued employment. By agreeing to employment in a Communications Assistant, supervisor or customer service role, I agree to the following conditions:

1. I will not disclose to any individual, including fellow Communication Assistants (CAs) Customer Service Representatives and supervisors, the identity of any caller or information I may acquire about a caller while relaying his/her conversation, except if the user is in life threatening circumstances or causes an emergency situation, or in instances of resolving a complaint.
2. Under no circumstances will I act upon any information I may acquire while relaying conversations.
3. I will not allow any individual to watch or listen while processing actual calls, except for authorized training and quality monitoring purposes.
4. Except when performing Speech-to-Speech, I will not bring any recording devices, including but not limited to, pens, pencils and Personal Digital Assistants (PDAs), into relay workspace.
5. I will not keep any written or electronic form of a conversation beyond the duration of the call, except as allowed for Speech-to-Speech Relay service.
6. Except for any information necessary for billing purposes or gathering caller profile or 7-1-1 information when requested by the caller, I will not collect nor use a caller's personal information.
7. California Relay - I will not register my company as the caller's CRS relay provider of choice without the expressed permission of the caller. When explaining about a caller's choice of relay providers I will strive to ensure that the caller receives a clear, accurate and forthright understanding of his or her options and of the registration process. I will not engage in deceptive practices that result in obtaining a caller's permission deceitfully.
8. Under no circumstances will I reveal my relay operator number in conjunction with my name, or disclose to anyone the names, schedules or personal information of any fellow CA or supervisor working at the relay service.
9. I understand that the FCC requires me to relay everything that is said by either party even if portions of the conversation are offensive to me personally.
10. In the event of my resignation or termination of my employment, I will continue to hold in strictest confidence all information related to the work I have performed as a relay operator.

I understand further that any of the above breaches in confidentiality will lead to disciplinary action up to and including immediate dismissal.

Signature: _____

Print Name: _____

Position: _____ Date: _____

Every Michigan Relay CA is required to adhere to the rules of confidentiality during all training sessions. Trainers are trained to present scenarios and procedures without revealing names or specifics about the callers.

All CAs are then required to sign the Pledge of Confidentiality previously discussed, promising not to disclose the identity of any caller, fellow relay operator, or any information learned during the course of relay calls. This applies to all Relay Service personnel during the period of employment and after termination of employment.

The Pledge of Confidentiality, along with the Code of Ethics, is posted at each workstation within the call center and in all reference tools. The Michigan Relay Team fully understands the serious ramifications for violations of the Confidentiality responsibilities placed upon them. The relay call center does not maintain a written or electronic script of any type beyond the duration of the call. All typed text scrolls off of the CA workstation screen, so that nothing is retrievable after a call is complete. Billing records are sent electronically by through the automated CA platform, and thus no billing records are retained onsite or at the CA position. This eliminates any possibility for a confidentiality breach of this type of information.

(ii) CAs are prohibited from intentionally altering a relayed conversation and, to the extent that it is not inconsistent with federal, state or local law regarding use of telephone company facilities for illegal purposes, must relay all conversation verbatim unless the relay user specifically requests summarization, or if the user requests interpretation of an ASL call. An STS CA may facilitate the call of an STS user with a speech disability so long as the CA does not interfere with the independence of the user, the user maintains control of the conversation, and the user does not object. Appropriate measures must be taken by relay providers to ensure that confidentiality of VRS users is maintained.

A significant amount of time is spent training CAs to relay all conversation verbatim unless requested otherwise by the relay callers. Their ability to comply with this requirement is measured during diagnostics, quality assurance testing and during side-by-side observations.

On-going reviews during a CA's career of the Code of Ethics and Pledge of Confidentiality keep this important requirement of not altering conversations and relaying verbatim at the forefront of every call that is processed.

The Michigan Speech-to-Speech CAs have special training and skills to facilitate the conversation of relay users with speech disabilities without altering the intent of the conversation or interfering with the speech-to-speech user's independence or control of the call.

(3) Types of calls. (i) Consistent with the obligations of telecommunications carrier operators, CAs are prohibited from refusing single or sequential calls or limiting the length of calls utilizing relay services.

The Michigan Relay Service places no limits on the number of relay calls or length of any relay call. Users are able to place as many sequence calls as they wish or to speak as long as they wish.

(ii) Relay services shall be capable of handling any type of call normally provided by telecommunications carriers unless the Commission determines that it is not technologically feasible to do so. Relay service providers have the burden of proving the infeasibility of handling any type of call.

With the exception of handling and processing of Coin Sent Paid calls which have been waived indefinitely by the Commission, the Michigan Relay Service is capable of handling any type of call including all types of operator-assisted calls (i.e. collect, bill to third, billed to a calling card, and person to person calls).

(iii) Relay service providers are permitted to decline to complete a call because credit authorization is denied.

Michigan Relay allows its CAs to decline to complete any call where appropriate acceptance of charges or credit authorization has not been provided. Examples of this includes denial of charges for a collect call or invalid calling or credit card number.

(iv) Relay services shall be capable of handling pay-per-call calls.

The Michigan Relay Service platform allows for completion of any pay-per-call. Procedures require the CA to convey to the user any and all information provided by the 900 service provider regarding the cost for accessing the service and completing the call. Michigan Relay users have the option to request blocking of any pay-per-call service.

(v) TRS providers are required to provide the following types of TRS calls: (1) Text-to-voice and voice-to-text; (2) VCO, two-line VCO, VCO-to-TTY, and VCO-to-VCO; (3) HCO, two-line HCO, HCO-to-TTY, HCO-to-HCO.

The relay platform that supports Michigan Relay Service supports all TRS call modalities including (1) text-to-voice and voice to text; (2) VCO, two-line VCO, VCO-to-TTY, and VCO-to-VCO; (3) HCO, two-line HCO, HCO-to-TTY, and HCO-to-HCO. In addition, Relay Colorado users are able to place TTY to CapTel and vice versa; Speech-to-Speech to TTY and vice versa; Speech-to-Speech to CapTel and vice versa. These call types are part of initial training for all Michigan Relay CAs and are also available to Michigan Spanish Relay users.

(vi) TRS providers are required to provide the following features: (1) Call release functionality; (2) speed dialing functionality; and (3) three-way calling functionality.

Call release functionality:

Michigan's relay provider's platform allows the CA to sign-off or be "released" from the telephone line after the CA has set up a telephone call between the originating TTY caller, and a called TTY party. This feature is used to process TTY to TTY calls when a TTY user must go through a TRS facility to contact another TTY user because the called TTY party can only be reached through a voice-only interface, such as a switchboard.

Another scenario where this feature is used is when a TTY user is billing to a calling card that is accessed through an 800 number. The Michigan Relay's CAs dial and interact with the toll free number prompts and then release the call once they are sure direct communication between the TTY users is taking place. The CAs press two keys to transmit a message indicating "ANSWERED BY TTY ...ONE MOMENT CONNECTING YOUR CALL" and then "CONNECTION COMPLETE". CAs then ensure that communication is taking place between the TTY users and release the call from their position allowing them to be available for another relay call.

Speed dialing functionality:

Michigan's relay provider's platform allows users to store up to 100 names and numbers in their speed dial profile. Callers can then ask the CA to dial based on the name entered for that telephone number in the speed dial list such as "call mom" or "please call the dentist" or call "Charlie".

Callers can also provide the number of the listing in their speed dial list such as call number 22. CAs then press a single key to have the telephone number entered from the caller's speed dial list. The CA does not need to manually copy the number over to the dialing field. This eliminates the possibility of CA error in entering the number to dial.

Three-way calling functionality:

The Michigan Relay Service supports three-way calling functionality that allows more than two parties to be on the telephone line at the same time with the CA.

Customers who have purchased the three-way calling feature from their LEC can access the Michigan Relay Service and they can then conference in an additional person on their three-way calling line. CAs will be able to communicate with both the caller and the third-party on the same line and will be able to type to the caller on the additional line (forward number). This three-way calling feature is available for use by all relay customers including our STS users who especially appreciate this feature.

Another option for Michigan Relay users is to dial in to another relay connection with the forward number, allowing for an additional party to be joined on the line. Customers have the option to choose how to connect, either with another relay line or directly through their own connection.

(vii) Voice mail and interactive menus. CAs must alert the TRS user to the presence of a recorded message and interactive menu through a hot key on the CA's terminal. The hot key will send text from the CA to the consumer's TTY indicating that a recording or interactive menu has been encountered. Relay providers shall electronically capture recorded messages and retain them for the length of the call. Relay providers may not impose any charges for additional calls, which must be made by the relay user in order to complete calls involving recorded or interactive messages.

The Michigan Relay Service enables and facilitates calling to Interactive Menus and Voice Mails. All CA positions are equipped with macro keys (pre-programmed messages) that are used when a recorded message is reached. When CAs reach a recorded message, they transmit a macro indicating (recorded msg). If the recorded message is an interactive menu, CAs transmit this macro:

(would you like complete msg typed or hold for specific dept or live rep).

This macro allows the customer to have full control of their call at all times. Customers can also elect to have the entire recording typed to them verbatim. CAs follow customer instructions at all times (either holding for a specific department or live rep or typing the options).

CAs keep the caller informed while selecting any menu prompts as directed by the customer. CAs type updates such as (*pressing 2 for balance inquiry*) or (*pressing 0 for live rep*). This ensures that the caller is always in control of the call and can select additional prompts if they would like.

RECORDING DEVICE

CA positions are equipped with a Play Back Device (PBD) that enables the CA to capture recorded messages in their entirety without the need to redial. The CA has the ability to play back to any point in the recording, which allows the CA to provide continuous message transcription to the TTY user. All messages recorded on the PBD are erased as soon as the customer disconnects, ensuring confidentiality requirements are met.

The Michigan Relay Service does not impose any charges for additional calls, if needed, in order to complete calls involving recorded or interactive messages. Relay callers are only billed for one complete call. This provides a functionally equivalent billing scenario comparable to that of a direct-dialed call.

(viii) TRS providers shall provide, as TRS features, answering machine and voice mail retrieval.

Michigan Relay CAs are trained to retrieve voice and TTY messages from voice processing systems and answering machines, and relay the message to the relay caller in the caller's communication mode (voice, TTY, ASCII, etc.). Following are basic steps for processing these types of requests.

RETRIEVING MSGS FROM ANSWERING MACHINE

The following is a brief outline of the CA's process for retrieving messages from an answering machine or voice processing system.

Retrieving Messages from Answering Machine or Voice Processing System
1. Caller requests message retrieval and provides CA with appropriate phone number and access codes to retrieve messages.
2. CA enters access codes in electronic scratchpad that allows them to be available for only the current call. The electronic scratchpad ensures confidentiality as it is automatically deleted when the call is complete.
3. CA Dials to the requested number and reaches answering machine.
4. CA enters appropriate access codes from electronic scratchpad.
5. Recording Device (PBD) is activated to record new messages left on the customer's answering machine. (NOTE: If only one message or a short message, will be relayed real time and will not require recording device.)
6. Complete messages are typed to the caller and caller is given the option to save or delete messages.
7. CA redials without creating another billing record to delete or save each individual message at the direction of the caller.
8. Access code information in the electronic scratchpad is automatically deleted at the completion of the call.

As with all things relay, the Michigan Relay Service protects the confidentiality of access codes that may be used to retrieve messages.

(4) Emergency call handling requirements for TTY-based TRS providers. TTY-based TRS providers must use a system for incoming emergency calls that, at a minimum, automatically and immediately transfers the caller to an appropriate Public Safety Answering Point (PSAP). An appropriate PSAP is either a PSAP that the caller would have reached if he had dialed 911 directly, or a PSAP that is capable of enabling the dispatch of emergency services to the caller in an expeditious manner.

Although relay users are encouraged to dial 911 directly from their TTY or telephone for the fastest response, the Michigan Relay Service is able to support users who reach the relay service for 911 calls. Following are the procedures employed by Michigan Relay for these types of calls:

Emergency Call Handling
1. CAs can directly access a database with emergency agency listings based on the caller's Automatic Number Identification (ANI). In the rare occurrence that the agency number doesn't appear in the database, the CA contacts Directory Assistance. After getting the number, the CA needs only two key strokes to immediately access the emergency agency.
2. Our Caller ID technology enables the emergency agency to receive the relay caller's ANI directly, eliminating the time and potential inaccuracy of number transmission by the CA.
3. When the agency answers, the CA informs the dispatcher that the call is coming through Relay Service, provides their CA number, and indicates whether the caller is TTY or voice. The CA then remains available to the emergency agency to provide any information or assistance to support emergency service. The call is given the CA's undivided attention – call transfer is strictly prohibited – and a supervisor is typically summoned to provide support to the CA until the call ends when the agency disconnects.
4. Emergency calls are treated differently from a confidentiality perspective. CAs are trained and prepared to provide any and all information requested to the PSAP agency to ensure the relay caller receives expeditious emergency services. These may include the Billing Telephone Number (BTN) and any information stated by the caller before connection, etc. It is our goal to get the caller assistance as quickly as possible.

CAs notify their supervisor and solicit the supervisor's support when processing Emergency calls. Procedures explicitly instruct the CA to contact the PSAP agency if a caller disconnects from Michigan Relay prior to reaching the emergency agency. CAs contact the PSAP and provide them with the caller's telephone number and other pertinent information shared by the caller prior to disconnection.

CAs are trained to stay on the line with emergency calls as long as

required to ensure that emergency services are rendered. CAs will stay on the line until the PSAP hangs up or tells the CA to drop the line.

Transferring of emergency calls to other CAs is not permitted.

When receiving a call that a CA suspects may be an emergency, the CA will treat that call as an emergency call. The CAs will not attempt to question the caller about the exact nature of the emergency, other than to determine whether fire, police, or ambulance is required. CAs will let the professionally trained PSAP Operator question appropriately and respond to the emergency.

A fully automated (“electronic”) system to handle emergency services for each call type is not currently trusted or used by Michigan Relay. Our provider’s emergency call handling system has been optimized over the years to support the wide variety of call types handled through the platform with concierge care and accuracy. Since Relay call types vary significantly (e.g. POTS lines, wireless phones, payphones, voice users, data users, STS users, and wire line TTYs), this optimization comes in the form of a CA determining the most appropriate handling method for each E911 instance.

(5) STS called numbers. Relay providers must offer STS users the option to maintain at the relay center a list of names and telephone numbers which the STS user calls. When the STS user requests one of these names, the CA must repeat the name and state the telephone number to the STS user. This information must be transferred to any new STS provider.

Michigan Relay STS customers have the option to maintain a list of frequently called numbers through the AT&T Relay Customer Profile. The AT&T Relay Customer Profile allows STS users to create a list of over 100 frequently called number which can be arranged in alphabetical order of the first name, with each entry having a number with the first entry assigned the number one and the number of each subsequent entry increasing one (1, 2, 3, 4...). Whenever a STS user elects to place a call to an entry in their Relay Customer Profile, the CA states the name and number of the requested person to the STS user prior to dialing the number.

(6) Visual privacy screens/idle calls. A VRS CA may not enable a visual privacy screen or similar feature during a VRS call. A VRS CA must disconnect a VRS call if the caller or the called party to a VRS call enables a privacy screen or similar feature for more than five minutes or is otherwise unresponsive or unengaged for more than five minutes, unless the call is a 9–1–1 emergency call or the caller or called party is legitimately placed on hold and is present and waiting for active communications to commence. Prior to disconnecting the call, the CA must announce to both parties the intent to terminate the call and may reverse the decision to disconnect if one of the parties indicates continued engagement with the call.

This requirement is not applicable to the Michigan Relay Service as it does not provide VRS as part of its state relay program.

(7) International calls. VRS calls that originate from an international IP address will not be compensated, with the exception of calls made by a U.S. resident who has pre-registered with his or her default provider prior to leaving the country, during specified periods of time while on travel and from specified regions of travel, for which there is an accurate means of verifying the identity and location of such callers. For purposes of this section, an international IP address is defined as one that indicates that the individual initiating the call is located outside the United States.

This requirement is not applicable to the Michigan Relay Service as it does not provide VRS as part of its state relay program.

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(b) Technical standards —(1) ASCII and Baudot. TRS shall be capable of communicating with ASCII and Baudot format, at any speed generally in use.

The Michigan Relay Center is equipped with all necessary telecommunications equipment and software capable of full and normal communication with inbound callers and outbound called parties compatible with relay equipment commonly used and at speeds generally used. This includes support for TTY, voice, and computer users via these protocols: voice (inc. STS), public switched network TTY, Baudot TTY, TurboCode[®], ASCII Computer, and ASCII. The Michigan Relay Service equipment automatically adjusts to match the protocol and speed of the TRS user's equipment. No manual intervention by the CA is required for the relay system to effectively communicate with the TRS user.

(2) Speed of answer. (i) TRS providers shall ensure adequate TRS facility staffing to provide callers with efficient access under projected calling volumes, so that the probability of a busy response due to CA unavailability shall be functionally equivalent to what a voice caller would experience in attempting to reach a party through the voice telephone network.

The Michigan Relay Service provider is required to ensure that CAs are available to respond to the projected calling volumes based on hour of day, day of week, and month of year. The provider utilizes historical calling volumes and trends to project the number of CAs required on any given day and at any given hour. Intraday adjustments are made as needed to respond to unexpected changes in call volume projections.

Additionally, average length of call, average session minutes, average conversation minutes, and average CA work time are all used to project the number of CAs required to meet the projected call volumes.

As part of the monthly reporting process, the provider is required to prepare and submit a detailed report that provides evidence of their success in meeting this requirement for staffing.

(ii) TRS facilities shall, except during network failure, answer 85% of all calls within 10 seconds by any method which results in the caller's call immediately being placed, not put in a queue or on hold. The ten seconds begins at the time the call is delivered to the TRS facility's network. A TRS facility shall ensure that adequate network facilities shall be used in conjunction with TRS so that under projected calling volume the probability of a busy response due to loop trunk congestion shall be functionally equivalent to what a voice caller would experience in attempting to reach a party through the voice telephone network.

As part of their requirements, the Michigan Relay Service provider prepares and submits, on a monthly basis, a report that provides evidence of meeting the 85% of calls answered within 10 seconds service level on a daily basis. Generally, more than 95% of callers are serviced in less than 10 seconds.

The Michigan Relay Center has adequate network facilities to meet the requirement of the P.01 standard for call blocking. ASA and call blocking on a daily and monthly basis is provided in the monthly reports provided by the relay provider.

(A) The call is considered delivered when the TRS facility's equipment accepts the call from the local exchange carrier (LEC) and the public switched network actually delivers the call to the TRS facility.

The Average Speed of Answer for Michigan Relay is measured from the time the call is accepted by the provider's equipment regardless of whether the call originated through the public switched network, a wireless network or a Voice Over IP network.

(B) Abandoned calls shall be included in the speed-of-answer calculation.

The Michigan Relay Service includes abandoned calls in calculating the speed of answer on a daily basis. A monthly report is generated and provided to the state each month which reflects the number of abandon calls to the relay service.

(C) A TRS provider's compliance with this rule shall be measured on a daily basis.

Evidence of compliance with this rule is provided each month as part of the monthly reporting requirements. The report measures the actual speed of answer level on a daily basis.

(D) The system shall be designed to a P.01 standard.

The circuits used for the Michigan Relay Service are ISDN MegaCom 800, which will transverse on the Software Defined Network (SDN) within the AT&T telecommunications architecture. These circuits comply with a grade-of-service of P.01, which provides a functionally equivalent probability of a fast busy as one might encounter on the overall voice network.

(E) A LEC shall provide the call attempt rates and the rates of calls blocked between the LEC and the TRS facility to relay administrators and TRS providers upon request.

Both the State of Michigan and their relay provider understand that the LEC is required to provide call attempt rates and rates of calls blocked between the LEC and the Michigan Relay Service facility upon request.

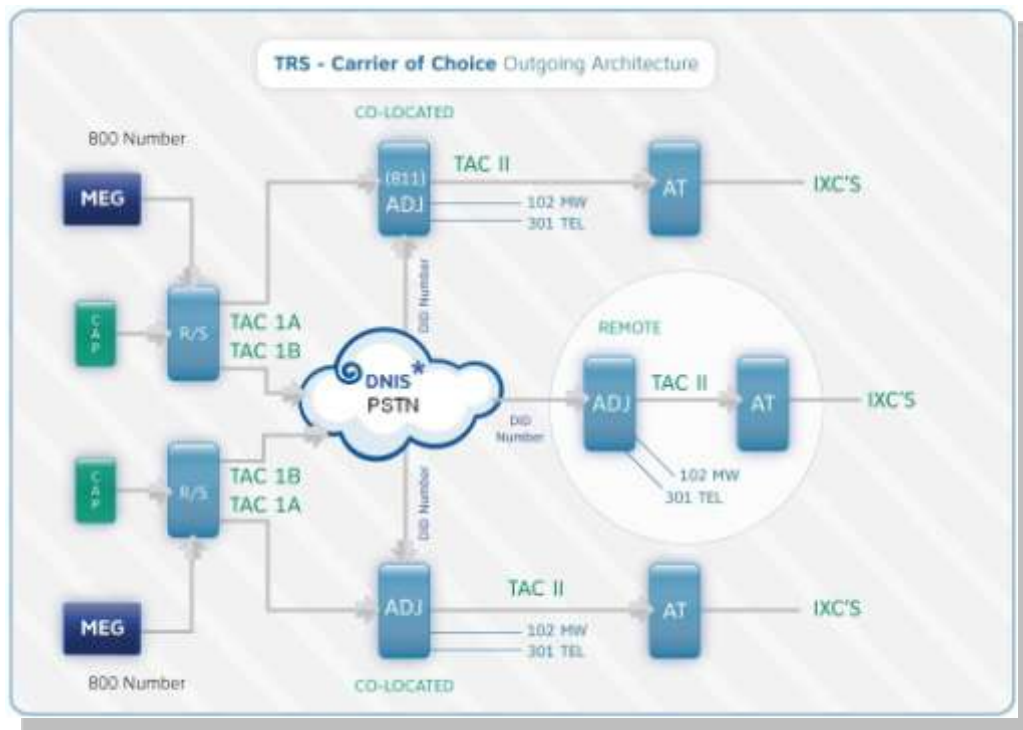
(iii) Speed of answer requirements for VRS providers are phased-in as follows: by January 1, 2006, VRS providers must answer 80% of all calls within 180 seconds, measured on a monthly basis; by July 1, 2006, VRS providers must answer 80% of all calls within 150 seconds, measured on a monthly basis; and by January 1, 2007, VRS providers must answer 80% of all calls within 120 seconds, measured on a monthly basis. Abandoned calls shall be included in the VRS speed of answer calculation.

This requirement is not applicable to the Michigan Relay Service as it does not provide VRS as part of its state relay program.

(3) Equal access to interexchange carriers. TRS users shall have access to their chosen interexchange carrier through the TRS, and to all other operator services, to the same extent that such access is provided to voice users.

Michigan Relay callers may request that a specific carrier be used for billing of their toll, inter-LATA, or interstate call as long as the carrier is a participant in the industry's standard solution for carrier of choice calls. Upon receiving a request to use another carrier, the Michigan Relay CA selects the caller's choice from an available menu and then hits the call completion keys, enabling the call to be carried and billed by the requested carrier's network. The Michigan Relay platform automatically routes the call to a LEC access tandem, which forwards the call directly to the chosen carrier's network along with billing information over a special Feature Group D type circuit. The chosen carrier's network completes the call and creates a billing record. When the call is connected to the called party, the end-user billing timer starts and the CA begins to relay the conversation.

The following diagram depicts how the carrier of choice platform is provisioned for the Michigan Relay Service.



From the Communication Assistant position (CAP), the relay call goes through the relay switch to the PBX Adjunct (ADJ) and then to the Access Tandem (AT). From the Access Tandem, the call goes the Interexchange Carrier. Alternately, the call may go from the relay switch to the Public Switched Telephone Network (PSTN) and then pass to the PBX Adjunct, Access Tandem, and Interexchange Carrier.

Michigan Relay users may request to have a long distance call billed to a preferred carrier on a per call basis or it can be done for all long distance calls automatically through a Customer Profile. Calls completed through the Carrier of Choice platform will be billed by the user's carrier according to their subscriber plans.

(4) TRS facilities. (i) TRS shall operate every day, 24 hours a day. Relay services that are not mandated by this Commission need not be provided every day, 24 hours a day, except VRS.

The Michigan Relay Service is accessible and available 24 hours a day, 7 days a week and 365 days a year. The service is accessible through 711 abbreviated dialing or through one of the Michigan Relay toll free numbers. Evidence of the availability of service is provided as part of the monthly traffic and volume reports.

(ii) TRS shall have redundancy features functionally equivalent to the equipment in normal central offices, including uninterruptible power for emergency use.

The Michigan Relay Service was designed with redundancy and the ability to self-correct and self-heal when failures occur. In the event of a power failure, the Uninterruptible Power System (UPS) will keep the relay call centers switches (PBX), peripherals, TRS platform security, CA/supervisor positions, and call detail recording active as well as security lighting, environmental controls, and limited lighting until commercial power resumes. All systems and services required to keep the call center active will not suffer a power outage, due to the call center's UPS design.

Redundancy of equipment in the call centers supports uninterrupted Relay Service, too. Within each call center is a bank of servers that manage the various resources required to complete any type (text-based) Relay call. Each call center has 4, 6, or 8 fully cloned, fully redundant service control units – or servers. The system is so intelligent that, if power were removed from a server, its workload would be automatically re-allocated among the remaining servers in that call center, all without losing even one call.

These call centers are also equipped with redundant network circuit feeds; redundant controllers; and redundant power supported by large battery banks that auto-switch to a diesel generators during long commercial power outages. Our software engineers for Relay service are always on call for assistance when needed, as well.

(iii) A VRS CA may not relay calls from a location primarily used as his or her home.

This requirement is not applicable to the Michigan Relay Service as it does not provide VRS as part of its state relay program.

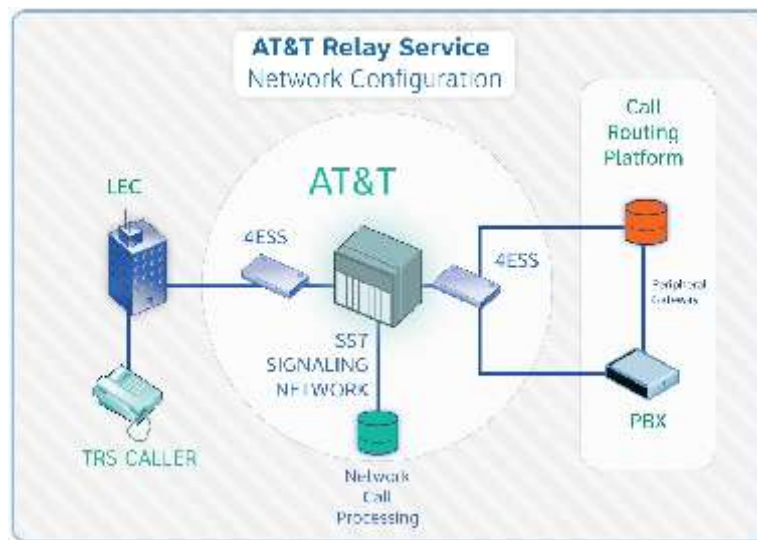
(iv) A VRS provider leasing or licensing an automatic call distribution (ACD) platform must have a written lease or license agreement. Such lease or license agreement may not include any revenue sharing agreement or compensation based upon minutes of use. In addition, if any such lease is between two eligible VRS providers, the lessee or licensee must locate the ACD platform on its own premises and must utilize its own employees to manage the ACD platform.

This requirement is not applicable to the Michigan Relay Service as it does not provide VRS as part of its state relay program.

(5) Technology. No regulation set forth in this subpart is intended to discourage or impair the development of improved technology that fosters the availability of telecommunications to person with disabilities. TRS facilities are permitted to use SS7 technology or any other type of similar technology to enhance the functional equivalency and quality of TRS. TRS facilities that utilize SS7 technology shall be subject to the Calling Party Telephone Number rules set forth at 47 CFR 64.1600 et seq.

The Michigan Relay Call center uses Signaling System 7 (SS7) as an out-of-band signaling method, ensuring that all calls are routed quickly and accurately. In addition, we use Integrated Services Digital Network (ISDN) Primary Rate Interface (PRI) protocol between the 4ESS switch and the relay center's PBX and Automatic Call Distributor (ACD). The communication between the Intelligent Call Router (ICR) and the network used by the relay provider is all SS7.

This protocol provides Automatic Number Identification (ANI), calling party number (CPN), originating line screening (OLS), and privacy or blocking information for all inbound calls in the same manner as non-relay callers who reach the regular “0” or “00” operator. The TRS caller’s phone number is not passed on to the called party if the calling party has Caller ID blocking invoked by his/her local telephone company. Following is a diagram which further illustrates the call flow we describe here.



(6) Caller ID. When a TRS facility is able to transmit any calling party identifying information to the public network, the TRS facility must pass through, to the called party, at least one of the following: the number of the TRS facility, 711, or the 10-digit number of the calling party.

The Michigan Relay Service fully supports and transmits True Caller ID to relay call receivers who subscribe to Caller ID services from their provider. Additionally, the Michigan Relay Service offers profiled callers the option to select which number they wish to be transmitted to the called party. Profiled callers may have their telephone number sent or the Relay Service’s generic telephone number sent.

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(c) Functional standards —(1) Consumer complaint logs. (i) States and interstate providers must maintain a log of consumer complaints including all complaints about TRS in the state, whether filed with the TRS provider or the State, and must retain the log until the next application for certification is granted. The log shall include, at a minimum, the date the complaint was filed, the nature of the complaint, the date of resolution, and an explanation of the resolution.

The Michigan Relay provider has a special database which stores every customer contact received by the Relay Customer Care Team. The database called (CICS) for the Commendation, Inquiry & Complaint System houses all contacts received from customers during a given month, enabling the provider to provide detailed monthly summaries to the Michigan Public Service Commission regarding contacts received from relay customers in Michigan. The database captures all elements required under the terms of the contract which includes, at a minimum:

- 1) This record shall include the name and/or address of the complainant
- 2) The date and time received
- 3) The CA identification number if provided or known
- 4) The nature of the complaint
- 5) The result of any investigation
- 6) The disposition of the complaint and the date of such disposition.

This helps the state gauge how well the relay provider is providing relay to the constituents of Michigan. This database also assists the State of Michigan in preparing the FCC's TRS Annual Consumer Complaints Summary log each year.

INFORMATION RETENTION: All customer contacts including complaints received about the Michigan Relay Service are required to be retained for the life of the contract, and for a minimum of twelve months upon expiration of the contract.

(ii) Beginning July 1, 2002, states and TRS providers shall submit summaries of logs indicating the number of complaints received for the 12-month period ending May 31 to the Commission by July 1 of each year. Summaries of logs submitted to the Commission on July 1, 2001 shall indicate the number of complaints received from the date of OMB approval through May 31, 2001.

The State of Michigan has submitted a summary of the customer complaints to the Commission by July 1st of each year. Our most recent filing was made on June 29, 2012.

(2) Contact persons. Beginning on June 30, 2000, State TRS Programs, interstate TRS providers, and TRS providers that have state contracts must submit to the Commission a contact person and/or office for TRS consumer information and complaints about a certified State TRS Program's provision of intrastate TRS, or, as appropriate, about the TRS provider's service. This submission must include, at a minimum, the following:

The Michigan Relay Service and its relay provider, AT&T, have provided and are listed on the Commission's website with the appropriate contact person and office for TRS consumer complaints and for any inquiries about the state's relay program. See <http://www.michigan.gov/mpsc/0,4639,7-159-16372-212100--,00.html>. Section 601 of the MTA provides remedies for enforcing the requirements of the state program.

(i) The name and address of the office that receives complaints, grievances, inquiries, and suggestions; (ii) Voice and TTY telephone numbers, fax number, e-mail address, and web address; and (iii) The physical address to which correspondence should be sent.

The following information is currently listed and available on the Commission's website

Contact for TRS Complaints:

Patti Witte, Michigan Public Service Commission
P.O. Box 30221
Lansing, MI 48909
Tel 517-241-6212; TTY 800-649-3777; Fax 517-241-6217
E-mail wittep@michigan.gov

(3) Public access to information. Carriers, through publication in their directories, periodic billing inserts, placement of TRS instructions in telephone directories, through directory assistance services, and incorporation of TTY numbers in telephone directories, shall assure that callers in their service areas are aware of the availability and use of all forms of TRS. Efforts to educate the public about TRS should extend to all segments of the public, including individuals who are hard of hearing, speech disabled, and senior citizens as well as members of the general population. In addition, each common carrier providing telephone voice transmission services shall conduct, not later than October 1, 2001, ongoing education and outreach programs that publicize the availability of 711 access to TRS in a manner reasonably designed to reach the largest number of consumers possible.

The Michigan Relay Service has a very active and effective outreach program which provides information about the availability of all forms of TRS. Evidence of outreach and examples of public access to information can be found in Exhibit 14.

(4) Rates. TRS users shall pay rates no greater than the rates paid for functionally equivalent voice communication services with respect to such factors as the duration of the call, the time of day, and the distance from the point of origination to the point of termination.

Michigan Relay users pay rates which are equivalent to those rates applicable to (direct dialed) calls on the voice network. There is no additional charge for use of the relay service.

(5) Jurisdictional separation of costs —(i) General. Where appropriate, costs of providing TRS shall be separated in accordance with the jurisdictional separation procedures and standards set forth in the Commission's regulations adopted pursuant to section 410 of the Communications Act of 1934, as amended.

Where appropriate, costs of providing TRS are separated in accordance with the jurisdictional separation procedures and standards set forth in the Commission's regulations adopted pursuant to section 410 of the Commission's Act of 1934, as amended.

(ii) Cost recovery. Costs caused by interstate TRS shall be recovered from all subscribers for every interstate service, utilizing a shared-funding cost recovery mechanism. Except as noted in this paragraph, with respect to VRS, costs caused by intrastate TRS shall be recovered from the intrastate jurisdiction. In a state that has a certified program under §64.606, the state agency providing TRS shall, through the state's regulatory agency, permit a common carrier to recover costs incurred in providing TRS by a method consistent with the requirements of this section. Costs caused by the provision of interstate and intrastate VRS shall be recovered from all subscribers for every interstate service, utilizing a shared-funding cost recovery mechanism.

Michigan Relay costs caused by interstate TRS shall be recovered utilizing a shared-funding cost recovery mechanism. Michigan Relay is a state certified program under Section 61.605. The state regulatory agency does permit a common carrier to recover costs incurred in providing TRS by a method consistent with the requirements of this section.

Michigan Relay does not provide VRS at this time.

(iii) Telecommunications Relay Services Fund. Effective July 26, 1993, an Interstate Cost Recovery Plan, hereinafter referred to as the TRS Fund, shall be administered by an entity selected by the Commission (administrator). The initial administrator, for an interim period, will be the National Exchange Carrier Association, Inc.

Not applicable to the Michigan State Relay Program

(A) Contributions. Every carrier providing interstate telecommunications services (including interconnected VoIP service providers pursuant to §64.601(b)) and every provider of non-interconnected VoIP service shall contribute to the TRS Fund on the basis of interstate end-user revenues as

described herein. Contributions shall be made by all carriers who provide interstate services, including, but not limited to, cellular telephone and paging, mobile radio, operator services, personal communications service (PCS), access (including subscriber line charges), alternative access and special access, packet-switched, WATS, 800, 900, message telephone service (MTS), private line, telex, telegraph, video, satellite, intraLATA, international and resale services.

Not applicable to the Michigan State Relay Program.

(B) Contribution computations. Contributors' contributions to the TRS fund shall be the product of their subject revenues for the prior calendar year and a contribution factor determined annually by the Commission. The contribution factor shall be based on the ratio between expected TRS Fund expenses to the contributors' revenues subject to contribution. In the event that contributions exceed TRS payments and administrative costs, the contribution factor for the following year will be adjusted by an appropriate amount, taking into consideration projected cost and usage changes. In the event that contributions are inadequate, the fund administrator may request authority from the Commission to borrow funds commercially, with such debt secured by future years' contributions. Each subject contributor that has revenues subject to contribution must contribute at least \$25 per year. Contributors whose annual contributions total less than \$1,200 must pay the entire contribution at the beginning of the contribution period. Contributors whose contributions total \$1,200 or more may divide their contributions into equal monthly payments.

Not applicable to the Michigan State Relay Program.

Contributors shall complete and submit, and contributions shall be based on, a "Telecommunications Reporting Worksheet" (as published by the Commission in the Federal Register). The worksheet shall be certified to by an officer of the contributor, and subject to verification by the Commission or the administrator at the discretion of the Commission. Contributors' statements in the worksheet shall be subject to the provisions of section 220 of the Communications Act of

1934, as amended. The fund administrator may bill contributors a separate assessment for reasonable administrative expenses and interest resulting from improper filing or overdue contributions. The Chief of the Consumer and Governmental Affairs Bureau may waive, reduce, modify or eliminate contributor reporting requirements that prove unnecessary and require additional reporting requirements that the Bureau deems necessary to the sound and efficient administration of the TRS Fund.

Not applicable to the Michigan State Relay Program.

**FEDERAL COMMUNICATIONS COMMISSION
CAPTIONED TELEPHONE - OPERATIONAL STANDARDS
Current as of December 13, 2011**

(a) Operational standards —(1) Communications assistant (CA). (i) TRS providers are responsible for requiring that all CAs be sufficiently trained to effectively meet the specialized communications needs of individuals with hearing and speech disabilities.

As the current CapTel provider for the State of Michigan, AT&T and its subcontractor, CTI®, require all CapTel CAs to have a minimum of a 12th grade level education or equivalency in order to qualify for the job of CapTel CA. Once hired, the applicant must successfully complete and pass a comprehensive training curriculum which includes training on the specialized needs of people with hearing or speech disabilities. Post hire assessments are provided continually throughout the term of employment to ensure CAs maintain a high level of skill and competency in completing calls for CapTel users.

(ii) CAs must have competent skills in typing, grammar, spelling, interpretation of typewritten ASL, and familiarity with hearing and speech disability cultures, languages and etiquette. CAs must possess clear and articulate voice communications.

Michigan CapTel CAs are tested for competency in typing, grammar, and spelling structure skills. Training also includes familiarity with hearing, hard of hearing, deaf, and speech loss community and users. Although waived by the FCC, oral-to-text tests are administered to CapTel CAs. They are assessed on their ability to interact with the voice recognition technology used for converting voice to text. This technology transmits text to the captioned telephone user at more than 100 words per minute.

CapTel CAs do not communicate directly with either party on a CapTel call. The CapTel user speaks directly to the standard telephone user in the same way that a standard telephone user speaks to the CapTel user. This is done through a direct audio connection. The CapTel CA does not directly speak or communicate with either party.

(iii) CAs must provide a typing speed of a minimum of 60 words per minute. Technological aids may be used to reach the required typing speed. Providers must give oral-to-type tests of CA speed.

The typing test has been waived for the CapTel Service since CAs are assessed on their ability to interact with the voice recognition technology used for converting voice to text. This technology transmits text to the captioned telephone user at more than 100 words per minute. CAs are trained to caption the words spoken by the hearing party (standard telephone user) as accurately as reasonably possible without intervening in the communications.

(iv) TRS providers are responsible for requiring that VRS CAs are qualified interpreters. A “qualified interpreter” is able to interpret effectively, accurately, and impartially, both receptively and expressively, using any necessary specialized vocabulary.

Not applicable to the Michigan CapTel Service

(v) CAs answering and placing a TTY-based TRS or VRS call must stay with the call for a minimum of ten minutes. CAs answering and placing an STS call must stay with the call for a minimum of fifteen minutes.

CapTel CAs are required to continue with a call for a minimum of ten minutes.

(vi) TRS providers must make best efforts to accommodate a TRS user's requested CA gender when a call is initiated and, if a transfer occurs, at the time the call is transferred to another CA.

Not applicable to Michigan CapTel Service. Both the CapTel user and the standard telephone user are able to hear each other and speak directly to each other through an audio connection and for this reason, there is no need to request a CA of a specific gender.

(vii) TRS shall transmit conversations between TTY and voice callers in real time.

Although the Captioned telephone device (CapTel) is not a TTY, the captions of a CapTel call are transmitted nearly simultaneously and in real time with what is spoken by the standard telephone user. This is done through voice recognition technology.

(2) Confidentiality and conversation content. (i) Except as authorized by section 705 of the Communications Act, 47 U.S.C. 605, CAs are prohibited from disclosing the content of any relayed conversation regardless of content, and with a limited exception for STS CAs, from keeping records of the content of any conversation beyond the duration of a call, even if to do so would be inconsistent with state or local law. STS CAs may retain information from a particular call in order to facilitate the completion of consecutive calls, at the request of the user. The caller may request the STS CA to retain such information, or the CA may ask the caller if he wants the CA to repeat the same information during subsequent calls. The CA may retain the information only for as long as it takes to complete the subsequent calls.

All CapTel CAs are prohibited from intentionally altering any conversation and are trained to transmit captions in a manner that is verbatim to what is being spoken by the standard telephone user. CAs are trained and evaluated on maintaining privacy and confidentiality of all calls. The CAs do not maintain any records of conversation content and keep the existence and content of all calls confidential.

Following is a copy of the CapTel CA Pledge of Confidentiality which is reviewed and signed by each employee.

CapTel CA Pledge of Confidentiality

Confidentiality Policy

I will not disclose to anyone the names, schedules, or personal information of any fellow worker at *CapTel Inc.*

I will not share any information about CapTel calls with anyone except a member of the *CapTel Inc.* management staff in order to investigate complaints, technical issues, etc.

I will continue to hold in confidence all information related to the work and calls I have performed while at *CapTel Inc.* after my employment ends.

I will never reveal my Captionist ID number in conjunction with my name unless asked by a member of the *CapTel Inc.* management staff.

I will not share with anyone any technical aspect of my position with *CapTel Inc.* unless asked by a member of the *CapTel Inc.* management staff.

I will not talk about consumers or call content with any fellow Captionists.

I will not listen to or get involved in calls taken by fellow Captionists.

I have read the above Confidentiality Policy and understand a breach of confidentiality will result in disciplinary action up to and including termination of employment at CapTel Inc. I recognize the serious and confidential nature of my position and therefore promise to abide by these guidelines.

Employee Name

Date

(ii) CAs are prohibited from intentionally altering a relayed conversation and, to the extent that it is not inconsistent with federal, state or local law regarding use of telephone company facilities for illegal purposes, must relay all conversation verbatim unless the relay user specifically requests summarization, or if the user requests interpretation of an ASL call. An STS CA may facilitate the call of an STS user with a speech disability so long as the CA does not interfere with the independence of the user, the user maintains control of the conversation, and the user does not object. Appropriate measures must be taken by relay providers to ensure that confidentiality of VRS users is maintained.

The Michigan CapTel Service is a transparent service whereby all conversation voiced by the standard telephone user are captioned as accurately as reasonably possible in a verbatim manner without intervening in the communications.

(3) Types of calls. (i) Consistent with the obligations of telecommunications carrier operators, CAs are prohibited from refusing single or sequential calls or limiting the length of calls utilizing relay services.

This requirement has been waived by the FCC for outbound CapTel calls because the actual CapTel user controls all dialing for individual and sequential calls with no involvement by the CapTel CA for call setup. For inbound calls by a standard telephone user to a CapTel user, the caller can either dial the CapTel user directly or reach the captioning center first by dialing the captioned telephone access number. In either case, there is no limit to the amount of calls made or the length of calls.

(ii) Relay services shall be capable of handling any type of call normally provided by telecommunications carriers unless the Commission determines that it is not technologically feasible to do so. Relay service providers have the burden of proving the infeasibility of handling any type of call.

With the exception of those call types waived by the Commission, the Michigan CapTel Service is capable of completing all types normally provided by common carriers. Currently waived calls types include:

- Coin sent paid
- International calls
- VCO, HCO, STS, VRS, 2-line VCO, and TTY calls

CapTel users also have the ability to place a call to hearing or speech disabled user who requires the assistance of other types of relay services such as VRS, STS. These calls are handled in the same manner as a standard voice originated call.

(iii) Relay service providers are permitted to decline to complete a call because credit authorization is denied.

Since CapTel CAs do not directly interact with the callers, the CA is unable to decline to complete a call due to denial of credit authorization. The CapTel CA will simply transcribe any message heard on the line, for example, “Your call cannot be completed as dialed...” or “This number cannot be called from your calling area...”

(iv) Relay services shall be capable of handling pay-per-call calls.

The Michigan CapTel Service platform allows for completion of any pay-per-call. These calls types are dialed directly from the CapTel device in the same manner as calls made by non-disabled users through the public switched telephone network.

(v) TRS providers are required to provide the following types of TRS calls: (1) Text-to-voice and voice-to-text; (2) VCO, two-line VCO, VCO-to-TTY, and VCO-to-VCO; (3) HCO, two-line HCO, HCO-to-TTY, HCO-to-HCO.

Not applicable to the Michigan CapTel Service as these call types have been waived by the Commission.

(vi) TRS providers are required to provide the following features: (1) Call release functionality; (2) speed dialing functionality; and (3) three-way calling functionality.

Call release functionality:

Not applicable to the Michigan CapTel Service as this call type has been waived by the Commission.

Speed dialing functionality:

Michigan CapTel users have the ability to store numbers on the speed dial feature of their device. Additionally, CapTel users can store frequently dialed numbers in the built in phone book.

Three-way Calling functionality:

Michigan CapTel users have the ability to participate in a three way call. Although single-line users are not able to add a third party, the outbound caller, if they have the capability, is able to utilize three way calling and add another number/party to the line without impacting the display of captions to the CapTel user. CapTel users with two-lines can utilize the conferencing feature on their primary line while the second line is connected to the captioning service.

CapTel users also have the ability to participate on conference calls with numerous parties in the same way as a standard phone user by dialing the conference bridge and access number directly from the CapTel device. The CapTel CA will transcribe what is heard on the other line.

(vii) Voice mail and interactive menus. CAs must alert the TRS user to the presence of a recorded message and interactive menu through a hot key on the CA's terminal. The hot key will send text from the CA to the consumer's TTY indicating that a recording or interactive menu has been encountered. Relay providers shall electronically capture recorded messages and retain them for the length of the call. Relay providers may not impose any charges for additional calls, which must be made by the relay user in order to complete calls involving recorded or interactive messages.

Michigan CapTel users hear and interact directly with voice mail systems and interactive menus. The captions appear almost simultaneously with the recorded message from the voice mail system or interactive menu allowing CapTel users to understand everything that is said - either by hearing it or by reading it. The CapTel user is then able to respond directly from their device to the prompts either by pressing the appropriate keys on the CapTel key pad or speaking their choice directly through the phone as soon as they see (BEEP) on the display screen, or hear the recorded greeting end, or see the signal meter stop flashing which indicates silence after the beep.

If the voice mail system is capable of confirming that a message was left, then the Michigan CapTel user will see the confirmation message on the CapTel display.

Michigan CapTel Relay callers are only billed for one complete call. This provides a functionally equivalent billing scenario comparable to that of a direct-dialed call.

(viii) TRS providers shall provide, as TRS features, answering machine and voice mail retrieval.

Answering machine and voice mail retrieval is provided to Michigan CapTel users. There is an option on the CapTel device, “Caption Answering Machine” that can be selected by the user. The user is then able to place the handset next to the speaker of the answering machine while being connected to the captioning service to have the messages on the answering machine captioned.

(4) Emergency call handling requirements for TTY-based TRS providers. TTY-based TRS providers must use a system for incoming emergency calls that, at a minimum, automatically and immediately transfers the caller to an appropriate Public Safety Answering Point (PSAP). An appropriate PSAP is either a PSAP that the caller would have reached if he had dialed 911 directly, or a PSAP that is capable of enabling the dispatch of emergency services to the caller in an expeditious manner.

Michigan CapTel users can dial 9-1-1 directly on their phones to reach the most appropriate PSAP for their calling area. Calls dialed to 9-1-1 from Single line CapTel users are not routed through the captioning center. Instead, these calls are treated as Voice Carry Over (VCO) calls during which the 9-1-1 responder can hear everything that is being voiced by the CapTel user. The 9-1-1 responder then types his/her response which appears on the CapTel device.

Dialing 911 in 2-Line Mode

Michigan CapTel users who utilize 2-Line Mode and call to 911 are handled exactly the same as if call was made through a standard telephone with the addition of getting captions of the call directly from the Captioning Service.

Whether the CapTel user dials 9-1-1 in single-line or two-line mode, the PSAP responder is able to receive Automated Number Identification (ANI) and Automatic Location Information (ALI) in the same manner as a standard telephone caller.

(5) STS called numbers. Relay providers must offer STS users the option to maintain at the relay center a list of names and telephone numbers which the STS user calls. When the STS user requests one of these names, the CA must repeat the name and state the telephone number to the STS user. This information must be transferred to any new STS provider.

This requirement is not applicable since it has been waived by the FCC for the CapTel service.

(6) Visual privacy screens/idle calls. A VRS CA may not enable a visual privacy screen or similar feature during a VRS call. A VRS CA must disconnect a VRS call if the caller or the called party to a VRS call enables a privacy screen or similar feature for more than five minutes or is otherwise unresponsive or unengaged for more than five minutes, unless the call is a 9–1–1 emergency call or the caller or called party is legitimately placed on hold and is present and waiting for active communications to commence. Prior to disconnecting the call, the CA must announce to both parties the intent to terminate the call and may reverse the decision to disconnect if one of the parties indicates continued engagement with the call.

This requirement is not applicable to the Michigan CapTel Service as it does not provide VRS as part of its state relay program.

(7) International calls. VRS calls that originate from an international IP address will not be compensated, with the exception of calls made by a U.S. resident who has pre-registered with his or her default provider prior to leaving the country, during specified periods of time while on travel and from specified regions of travel, for which there is an accurate means of verifying the identity and location of such callers. For purposes of this section, an international IP address is defined as one that indicates that the individual initiating the call is located outside the United States.

This requirement is not applicable to the Michigan CapTel Service as it does not provide VRS as part of its state relay program.

FEDERAL COMMUNICATIONS COMMISSION
CAPTIONED TELEPHONE - TECHNICAL STANDARDS
Current as of December 13, 2011

(b) Technical standards —(1) ASCII and Baudot. TRS shall be capable of communicating with ASCII and Baudot format, at any speed generally in use.

This requirement is not applicable to the Michigan CapTel Service since it has been waived by the Federal Communications Commission (FCC).

(2) Speed of answer. (i) TRS providers shall ensure adequate TRS facility staffing to provide callers with efficient access under projected calling volumes, so that the probability of a busy response due to CA unavailability shall be functionally equivalent to what a voice caller would experience in attempting to reach a party through the voice telephone network.

The Michigan CapTel Service provider is required to ensure that CAs are available to respond to the projected calling volumes based on hour of day, day of week, and month of year. The provider utilizes historical calling volumes and trends to project the number of CAs required on any given day and at any given hour. Intraday adjustments are made as needed to respond to unexpected changes in call volume projections.

Additionally, average length of call, average session minutes, average conversation minutes, and average CA work time are all used to project the number of CAs required to meet the projected call volumes.

As part of the monthly reporting process, the provider is required to prepare and submit a detailed report that provides evidence of their success in meeting this requirement for staffing.

(ii) TRS facilities shall, except during network failure, answer 85% of all calls within 10 seconds by any method which results in the caller's call immediately being placed, not put in a queue or on hold. The ten seconds begins at the time the call is delivered to the TRS facility's network. A TRS facility shall ensure that adequate network facilities shall be used in conjunction with TRS so that under projected calling volume the probability of a busy response due to loop trunk congestion shall be functionally equivalent to what a voice caller would experience in attempting to reach a party through the voice telephone network.

As part of the contract requirements, the Michigan CapTel Service provider is required to prepare and submit, on a monthly basis, a report that provides evidence of meeting the 85% of calls answered within 10 seconds service level on a daily basis. Generally, more than 95% of callers are serviced in less than 10 seconds.

The call centers servicing the Michigan CapTel Service have adequate network facilities to meet the requirement of the P.01 standard for call blocking. Results of ASA and call blocking on a daily and monthly basis is provided in the monthly reports provided by the Michigan CapTel provider.

(A) The call is considered delivered when the TRS facility's equipment accepts the call from the local exchange carrier (LEC) and the public switched network actually delivers the call to the TRS facility.

The Average Speed of Answer for Michigan CapTel Service is measured from the time the call is accepted by the provider's equipment regardless of whether the call originated through the public switched network, a wireless network or a Voice Over IP network.

(B) Abandoned calls shall be included in the speed-of-answer calculation.

The Michigan Relay Service contract requires the CapTel provider to include abandoned calls in calculating the speed of answer on a daily basis. A monthly report is generated and provided to the state each month which reflects the number of abandon calls to the relay service.

(C) A TRS provider's compliance with this rule shall be measured on a daily basis.

Evidence of compliance with this rule is provided each month as part of the monthly reporting requirements. The report measures the actual speed of answer level on a daily basis.

(D) The system shall be designed to a P.01 standard.

The circuits used for the Michigan CapTel Service conform to a grade-of-service of P.01, which provides a functionally equivalent probability of a fast busy as one might encounter on the overall voice network.

(E) A LEC shall provide the call attempt rates and the rates of calls blocked between the LEC and the TRS facility to relay administrators and TRS providers upon request.

Both the State of Michigan and the contracted CapTel relay provider understand that the LEC is required to provide call attempt rates and rates of calls blocked between the LEC and the Michigan CapTel Service facility upon request.

(iii) Speed of answer requirements for VRS providers are phased-in as follows: by January 1, 2006, VRS providers must answer 80% of all calls within 180 seconds, measured on a monthly basis; by July 1, 2006, VRS providers must answer 80% of all calls within 150 seconds, measured on a monthly basis; and by January 1, 2007, VRS providers must answer 80% of all calls within 120 seconds, measured on a monthly basis. Abandoned calls shall be included in the VRS speed of answer calculation.

This requirement is not applicable to the Michigan CapTel Service as it does not provide VRS as part of its state relay program.

(3) Equal access to interexchange carriers. TRS users shall have access to their chosen interexchange carrier through the TRS, and to all other operator services, to the same extent that such access is provided to voice users.

Michigan CapTel users have the option of selecting their preferred interexchange carrier for their toll and long distance calls provided the IXC provides the appropriate authorization.

(4) TRS facilities. (i) TRS shall operate every day, 24 hours a day. Relay services that are not mandated by this Commission need not be provided every day, 24 hours a day, except VRS.

The Michigan CapTel Service is accessible and available 24 hours a day, 7 days a week and 365 days a year. Evidence of the availability of service is provided as part of the monthly traffic and volume reports.

(ii) TRS shall have redundancy features functionally equivalent to the equipment in normal central offices, including uninterruptible power for emergency use.

The Michigan CapTel Service was designed with redundancy and auxiliary power for operation during commercial power failures. In the event of a power failure, the Uninterruptible Power System (UPS) will keep the captioning call centers switches (PBX), peripherals, platform security, CA/supervisor positions, and call detail recording active as well as security lighting, environmental controls, and limited lighting until commercial power resumes. All systems and services required to keep the call center active will not suffer a power outage, due to the call center's UPS design.

(iii) A VRS CA may not relay calls from a location primarily used as his or her home.

This requirement is not applicable to the Michigan Relay Service as it does not provide VRS as part of its state relay program.

(iv) A VRS provider leasing or licensing an automatic call distribution (ACD) platform must have a written lease or license agreement. Such lease or license agreement may not include any revenue sharing agreement or compensation based upon minutes of use. In addition, if any such lease is between two eligible VRS providers, the lessee or licensee must locate the ACD platform on its own premises and must utilize its own employees to manage the ACD platform.

This requirement is not applicable to the Michigan CapTel Service as it does not provide VRS as part of its state relay program.

(5) Technology. No regulation set forth in this subpart is intended to discourage or impair the development of improved technology that fosters the availability of telecommunications to person with disabilities. TRS facilities are permitted to use SS7 technology or any other type of similar technology to enhance the functional equivalency and quality of TRS. TRS facilities that utilize SS7 technology shall be subject to the Calling Party Telephone Number rules set forth at 47 CFR 64.1600 et seq.

Since users of the Michigan CapTel Service utilize the same public switch telephone network as non-CapTel users, the service provides Signaling System 7 (SS7) as an out-of-band signaling method, ensuring that all calls are routed quickly and accurately. This protocol provides Automatic Number Identification (ANI), calling party number (CPN), originating line screening (OLS), and privacy or blocking information for all inbound calls in the same manner as non-relay callers who reach the regular “0” or “00” operator. The TRS caller’s phone number is not passed on to the called party if the calling party has Caller ID blocking invoked by his/her local telephone company.

(6) Caller ID. When a TRS facility is able to transmit any calling party identifying information to the public network, the TRS facility must pass through, to the called party, at least one of the following: the number of the TRS facility, 711, or the 10-digit number of the calling party.

The Michigan CapTel Service fully supports and transmit True Caller ID to relay call receivers who subscribe to Caller ID services from their provider.

FEDERAL COMMUNICATIONS COMMISSION
CAPTIONED TELEPHONE - FUNCTIONAL STANDARDS
Current as of December 13, 2011

(c) Functional standards —(1) Consumer complaint logs. (i) States and interstate providers must maintain a log of consumer complaints including all complaints about TRS in the state, whether filed with the TRS provider or the State, and must retain the log until the next application for certification is granted. The log shall include, at a minimum, the date the complaint was filed, the nature of the complaint, the date of resolution, and an explanation of the resolution.

The Michigan CapTel Service provider is required to provide a monthly log of customer complaints. As part of the report, the provider includes the date the complaint was filed, the nature of the complaint, the date of resolution and an explanation of the resolution. Additionally, the Michigan CapTel provider submits an annual log to the state that is used for compliance with the annual complaint filing.

(ii) Beginning July 1, 2002, states and TRS providers shall submit summaries of logs indicating the number of complaints received for the 12-month period ending May 31 to the Commission by July 1 of each year. Summaries of logs submitted to the Commission on July 1, 2001 shall indicate the number of complaints received from the date of OMB approval through May 31, 2001.

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Tel 517-241-6212; TTY 800-649-3777; Fax 517-241-6217
E-mail wittep@michigan.gov

(3) Public access to information. Carriers, through publication in their directories, periodic billing inserts, placement of TRS instructions in telephone directories, through directory assistance services, and incorporation of TTY numbers in telephone directories, shall assure that callers in their service areas are aware of the availability and use of all forms of TRS. Efforts to educate the public about TRS should extend to all segments of the public, including individuals who are hard of hearing, speech disabled, and senior citizens as well as members of the general population. In addition, each common carrier providing telephone voice transmission services shall conduct, not later than October 1, 2001, ongoing education and outreach programs that publicize the availability of 711 access to TRS in a manner reasonably designed to reach the largest number of consumers possible.

The Michigan Relay Service has a very active and effective outreach program which provides information about the availability of all forms of TRS including CapTel. Evidence of outreach and examples of public access to information can be found in Exhibit 14.

(4) Rates. TRS users shall pay rates no greater than the rates paid for functionally equivalent voice communication services with respect to such factors as the duration of the call, the time of day, and the distance from the point of origination to the point of termination.

Michigan Relay users pay rates which are equivalent to those rates applicable to (direct dialed) calls on the voice network. There is no additional charge for use of the relay service.

(5) Jurisdictional separation of costs —(i) General. Where appropriate, costs of providing TRS shall be separated in accordance with the jurisdictional separation procedures and standards set forth in the Commission's regulations adopted pursuant to section 410 of the Communications Act of 1934, as amended.

Where appropriate, costs of providing CTS are separated in accordance with the jurisdictional separation procedures and standards set forth in the Commission's regulations adopted pursuant to section 410 of the Commission's Act of 1934, as amended.

(ii) Cost recovery. Costs caused by interstate TRS shall be recovered from all subscribers for every interstate service, utilizing a shared-funding cost recovery mechanism. Except as noted in this paragraph, with respect to VRS, costs caused by intrastate TRS shall be recovered from the intrastate jurisdiction. In a state that has a certified program under §64.606, the state agency providing TRS shall, through the state's regulatory agency, permit a common carrier to recover costs incurred in providing TRS by a method consistent with the requirements of this section. Costs caused by the provision of interstate and intrastate VRS shall be recovered from all subscribers for every interstate service, utilizing a shared-funding cost recovery mechanism.

Michigan Relay costs caused by interstate CTS shall be recovered utilizing a shared-funding cost recovery mechanism. Michigan Relay is a state certified program under Section 61.605. The state regulatory agency does permit a common carrier to recover costs incurred in providing CTS by a method consistent with the requirements of this section.

Michigan Relay does not provide VRS at this time.

(iii) Telecommunications Relay Services Fund. Effective July 26, 1993, an Interstate Cost Recovery Plan, hereinafter referred to as the TRS Fund, shall be administered by an entity selected by the Commission (administrator). The initial administrator, for an interim period, will be the National Exchange Carrier Association, Inc.

Not applicable to the Michigan State Relay Program.

(A) Contributions. Every carrier providing interstate telecommunications services (including interconnected VoIP service providers pursuant to §64.601(b)) and every provider of non-interconnected VoIP service shall contribute to the TRS Fund on the basis of interstate end-user revenues as described herein. Contributions shall be made by all carriers who provide interstate services, including, but not limited to, cellular telephone and paging, mobile radio, operator services, personal communications service (PCS), access (including subscriber line charges), alternative access and special access, packet-switched, WATS, 800, 900, message telephone service (MTS), private line, telex, telegraph, video, satellite, intraLATA, international and resale services.

Not applicable to the Michigan State Relay Program.

(B) Contribution computations. Contributors' contributions to the TRS fund shall be the product of their subject revenues for the prior calendar year and a contribution factor determined annually by the Commission. The contribution factor shall be based on the ratio between expected TRS Fund expenses to the contributors' revenues subject to contribution. In the event that contributions exceed TRS payments and administrative costs, the contribution factor for the following year will be adjusted by an appropriate amount, taking into consideration projected cost and usage changes. In the event that contributions are inadequate, the fund administrator may request authority from the Commission to borrow funds commercially, with such debt secured by future years' contributions. Each subject contributor that has revenues subject to contribution must contribute at least \$25 per year. Contributors whose annual contributions total less than \$1,200 must pay the entire contribution at the beginning of the contribution period. Contributors whose contributions total \$1,200 or more may divide their contributions into equal monthly payments.

Not applicable to the Michigan State Relay Program.

Contributors shall complete and submit, and contributions shall be based on, a "Telecommunications Reporting Worksheet" (as published by the Commission in the Federal Register). The worksheet shall be certified to by an officer of the contributor, and subject to verification by the Commission or the administrator at the discretion of the Commission. Contributors' statements in the worksheet shall be subject to the provisions of section 220 of the Communications Act of 1934, as amended. The fund administrator may bill contributors a separate assessment for reasonable administrative expenses and interest resulting from improper filing or overdue contributions. The Chief of the Consumer and Governmental Affairs Bureau may waive, reduce, modify or eliminate contributor reporting requirements that prove unnecessary and require additional reporting requirements that the Bureau deems necessary to the sound and efficient administration of the TRS Fund.

Not applicable to the Michigan State Relay Program.

FUNDING MECHANISM FOR THE MICHIGAN RELAY CENTER

Section 315 of Michigan Public Act 179 of 1991, as amended, directs the MPSC to establish a rate for each subscriber line of a provider to allow the provider to recover costs of Michigan's Telecommunications Relay Services (the Michigan Relay Center).

GTE North's (now Frontier North) and Michigan Bell Telephone Company's (now AT&T Michigan) contributions to the Michigan Relay Center were originally set in Case Nos. U-9385 and U-8987 respectively. In Case No. U-9385, GTE North agreed to provide \$1,457,000 annually for the TRS. AT&T Michigan's TRS factor is currently \$.175 as approved in the April 28, 1998 order in Case No. U-11634.

The MPSC's March 13, 1990 order in Case No. U-9117 specified "For other local exchange companies, the additional expenses and revenues associated with implementation and operation of the relay system should be reviewed in their formal annual earnings reviews. Allendale Telephone Company, in Case No. U-10779, and Baraga Telephone Company, in Case U-10900, were the only other providers which requested and were granted a TRS factor.

AT&T Michigan, the vendor for the Michigan Relay Center, bills the providers each month based on AT&T Michigan's monthly expenses for the Michigan Relay Center. Basic local service providers (local exchange carriers and competitive local exchange carriers) are billed by AT&T according to the number of the provider's access lines.

FUNDING MECHANISM FOR THE MICHIGAN RELAY CENTER

Telephone Provider	MPSC Order No. or Public Act	TRS Factor ¹
Allendale	U-10779 ²	\$.10
Baraga	U-10900 ³	\$.13
AT&T Michigan (f/k/a Ameritech, a/k/a Michigan Bell Telephone Company)	U-11634 ⁴	\$.175
Frontier North (f/k/a Verizon and GTE North)	U-9385 ⁵	N/A ⁶
All other companies	PA 179 of 1991, as amended, Section 315 ⁷	N/A ⁸

¹ A TRS "factor" is the monetary amount included in basic local exchange rates as revenues on each applicable line that is used by the provider to cover the costs of the TRS. Although Public Act 179 of 1991, as amended, allows providers to bill the TRS factor as a separate line item, at this time, all of the providers with a factor include the factor in their rates.

² See Exhibit 15.

³ See Exhibit 16.

⁴ See Exhibit 17. Rates were originally set in Case Nos. U-8987 and U-10672.

⁵ See Exhibit 2.

⁶ GTE North in Case No. U-9385 agreed to provide \$1,457,000 annually for the TRS.

⁷ See Exhibit 5.

⁸ All other basic local service providers not listed above absorb the cost of the program. They do not include a rate factor in basic local exchange rates and do not pass the program costs on to the customer. AT&T bills each provider based the provider's number of access lines.

STATE OF MICHIGAN
BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

* * * * *

An inquiry, on the Commission's own
motion, into the establishment and oper-
ation of a statewide telecommunications
relay system for persons who are hearing
and/or speech impaired.

Case No. U-9117

At a session of the Michigan Public Service Commission held at its offices
in the city of Lansing, Michigan, on the 13th day of March, 1990.

PRESENT: Hon. William E. Long, Chairperson
Hon. Steven M. Fetter, Commissioner
Hon. Ronald E. Russell, Commissioner

OPINION AND ORDER

I.

HISTORY OF PROCEEDINGS

On May 26, 1988, the Commission issued its order and notice of hearing establishing this contested case to gather information concerning the telecommunications needs of hearing- and speech-impaired persons and to evaluate the need for regulatory or other actions to ensure reasonable access to the telecommunications network for hearing- and speech-impaired persons. All local exchange companies (LECs) regulated by the Commission were made parties to the case, and notice of the proceeding was published in daily newspapers throughout the state.

Hearings began before Administrative Law Judge Alfred A. Sullivan (ALJ) on August 9, 1988 and continued on December 5, 1988, March 21, 22, and 23, and June 1, 1989. Michigan Bell Telephone Company (Michigan Bell), GTE North

Incorporated (GTE), AT&T Communications of Michigan, Inc. (ATTCOM), the Commission Staff (Staff), the Telephone Association of Michigan (TAM), the Michigan Association for Deaf, Hearing, and Speech Services (MADHSS), and the Michigan Department of Labor, Commission on Handicapper Concerns, Division of the Deaf and Deafened (MDOL) participated in the proceedings. TAM represented the interests of the LECs within Michigan, with the exception of Michigan Bell and GTE.

Michigan Bell, GTE, ATTCOM, TAM, the Staff, MDOL, and MADHSS filed briefs on July 14, 1989. Michigan Bell and TAM filed reply briefs on July 24, 1989. The record contains 750 transcript pages and 34 exhibits. The Commission has read the record.

II.

BACKGROUND

In late 1987, Senate Bill No. 611 and House Bill No. 5140 were introduced in the Legislature. The bills would have required the Commission to implement a dual-party relay system for hearing- and speech-impaired persons, and would have established a charge of up to 10¢ per month per LEC access line to recover the costs of the relay system. In January 1988, the Dual Party Relay Center Cost Projection Subcommittee was created to investigate the costs of establishing and implementing a statewide, dual-party relay system. The subcommittee included members from interexchange carriers (IXCs), LECs, MDOL, and the Staff. The subcommittee issued its report on May 16, 1988.

In most instances, a hearing- or speech-impaired person cannot use a standard voice telephone instrument. Special non-voice customer premises equip-

ment (CPE) exists, such as a teletypewriter or a telecommunications device for the deaf (TDD), that permits hearing- and speech-impaired persons to type messages through, rather than speak over, the telephone line. A TDD also receives typed messages. In order to effectively utilize TDDs, both parties to the telephone conversation must have a TDD. Because typed conversations take longer than voice conversations, certain LECs and IXC's provide message toll service (MTS) discounts to certified hearing- and speech-impaired persons. The need to have a TDD at the receiving end of a typed conversation limits use of TDDs because much of the hearing population does not possess a TDD, either in residential or business situations.

A dual-party relay system provides the link for access by a hearing- or speech-impaired person to a hearing person through the switched telecommunications network. Using a TDD, a hearing- or speech-impaired person calls the relay system center. At the center, a specially trained operator receives the TDD call and then places a voice call to the hearing party. The relay center operator translates the typed TDD message by voice to the hearing party and then translates the hearing party's voice message into a typed format to be received by the hearing- or speech-impaired person's TDD. Use of the relay system permits a hearing- or speech-impaired person to communicate freely with the hearing population and vice versa.

The subcommittee's May 16, 1988 report reviewed the possible configuration of a relay system, including customer access to the relay center, network equipment, relay center staffing and equipment, and completion of calls placed through the relay system. The report predicated costs for the relay system upon call volumes because the most substantial cost components involve labor and telecommunications service, which correlate to the volume of calls handled by

the center. At 50,000 calls per month, costs were projected to be \$5,221,750 annually; at 75,000 calls, \$7,203,100; at 100,000 calls, \$9,035,850; and at 200,000 calls, \$17,125,100. The report also proposed a design for the relay system in which "800" number service¹ would provide statewide access to the relay center--one "800" number for TDD access and one "800" number for voice access. The relay center would be located in the 313 numbering plan area (NPA), which forms a substantial part of the southeastern Michigan local access and transport area (LATA), primarily because a major segment of the state's population is located in that LATA and it is assumed that usage of the relay system would be heaviest in that area.

In order to gain more information about the use of a relay system within Michigan, the Commission commenced this proceeding to address the following issues:

1. To what extent are Michigan telephone companies obligated to serve the potential users of a telephone relay system under current Michigan statutes? If a duty to serve exists, how should it be met? Should the Commission proceed administratively under MCL 484.103c(1) or some other statutes with the establishment of a telephone relay system or some alternative? Do Michigan statutes relieve telephone companies of the obligation to serve this segment of the population, thereby requiring new legislation to permit implementation of a statewide telephone relay system?
2. If a telephone relay system is to be established, what should be its scope and operation?
 - (a) What type of system would be most desirable?
 - (b) Should the system be designed to allow completion of all types of calls (local, intrastate, interstate, and international) or only some calls?
 - (c) Should the system operate 24 hours per day?

¹"800" number service provides toll-free MTS to the calling party. The cost of the "800" number call is borne by the called party.

- (d) What restrictions, if any, should be placed on access to and use of the system?
 - (e) What organization should be responsible for establishing and operating the system? Should it be operated by a governmental agency or agencies, by a non-profit private organization, or by a telephone company or companies?
 - (f) May a telephone company operate such a service or would it be considered an "enhanced" service under Federal Communications Commission (FCC) rules?
 - (g) What entity is most qualified to select and to train the staff for the system, particularly the operators who will be parties to every conversation that is relayed?
 - (h) What facilities will be required? Will one relay center serve the entire state or will multiple centers be needed?
 - (i) Where should the center or centers be located?
 - (j) What types and numbers of operator equipment will be required?
 - (k) What types and numbers of access lines (wide area telephone service (WATS), tie lines, exchange lines, etc.) will the system require?
3. What would be the costs to establish and to operate the system and how should those be recovered?
- (a) Who should pay those costs? Users, all other telephone ratepayers, or taxpayers? May the costs be recovered from all ratepayers?
 - (b) If the costs associated with this service result in a rate increase, may the rate increase be implemented with the order in this case or should a full rate case proceeding be held to implement the new service?
 - (c) Should users be billed for calls actually placed or for what they would have paid for the call if placed in the usual manner? For example, if a local call within Muskegon is actually completed by making a toll call to a relay center in Southfield, which in turn places a toll call back to Muskegon, should the caller pay for a local call or two toll calls?

(d) Who would be responsible for the billing of these calls?

4. Are the assumptions and the design of the proposed system, as contained in the subcommittee's report, valid?

III.

POSITIONS OF PARTIES

Michigan Bell

Michigan Bell presented its position through the testimony of three witnesses: Everett W. Lefler, its District Manager, Long Range Facilities and Tandem Planning, Network Engineering Department; Robert C. Treat, its District Manager, Valuation and Cost Study Methods; and Richard C. Miller, its Division Manager of Pricing, Marketing Department. The witnesses discussed the possible design of the network needed to support and to run the relay system, if operated by Michigan Bell, and the costs associated with that relay system.

Mr. Lefler described the automatic call distributor (ACD) needed to sequence and route calls into the relay center. In his design, separate "800" numbers for TDD and voice access to the relay center would be needed for each of the four LATAs within the state. Although the ACD would be located in the 313 NPA, his network design would provide for remote relay centers linked to the ACD to permit access to diverse labor markets. In Michigan Bell's view, personnel is the most costly item in the relay system budget, and remote relay centers permit operators to be hired and to be employed in competitive labor markets throughout the state.

While agreeing with much of the May 16, 1988 subcommittee report about the system design, Michigan Bell stated that some features of its design were

required by restrictions on the company's business: it cannot carry interLATA calls nor choose an interLATA IXC for its customers. Under Michigan Bell's proposal, as in the subcommittee report, a call through the relay system would be rated and billed as if made from the originating number to the terminating number; i.e., separate charges would not be made for the calls to and from the relay center. Michigan Bell would operate the system 24 hours per day, seven days per week and would not restrict usage of the system except in limited instances: 1) either the calling- or called-end must be from or to a TDD or similar device; 2) only Michigan-originated and -terminated calls would be handled by the relay center; 3) persons using the relay system must be either hearing- or speech-impaired; 4) calls from coin telephones must be collect, credit card, or bill-to-third-number calls.

Michigan Bell believes that the relay system would not constitute an "enhanced service" under the FCC's rules, 47 CFR 64.702(a).

Under Michigan Bell's proposal, the relay center would be administered by a non-profit board with representation from state government, the LECs, and the deaf community. The board would define service requirements, solicit bids for construction and operation of the system, select a vendor for the system, and oversee continued funding of the center.

Michigan Bell's proposal uses a 100,000 calls per month to estimate system costs, and costs of the relay system are directly related to the volume of calls placed over the system. Michigan Bell states that the California relay system experiences over 200,000 calls per month, with an average call duration of 9 minutes; given that Michigan's population is approximately 40% of California's population, 100,000 calls per month is a reasonable basis for projected system usage. The percentage of hearing- and speech-impaired persons is assumed to be constant throughout the United States' population.

Michigan Bell disagrees with some of the cost projections in the subcommittee report, most notably the salary levels for relay center operators. Michigan Bell estimates that operation of a relay system averaging 100,000 calls per month would cost approximately \$9.1 million annually. With an average duration of 9 minutes per call (taken from California's experience), charges for system use would be 84¢ per minute or \$7.56 per average call. Because of this substantial cost per call, Michigan Bell would bill system users the standard tariffed rate for the call as if that call had been placed directly from originating CPE to terminating CPE without going through the relay center. Any applicable MTS discounts would also be used. The remaining cost of the relay system would need to be raised from other sources.²

Michigan Bell argues that the remaining costs of the relay system are social welfare expenses that should not be funded through telephone rates. In Michigan Bell's view, the social welfare nature of the relay system removes it from any definition of a telephone company's duty to serve and places the system's authorization and funding squarely within the Legislature's domain. Michigan Bell states that funding should come from the state's general tax revenues.

Michigan Bell notes that it presently sells TDDs at cost (\$160.00) within its service territories. The company is opposed to free provision of TDDs, arguing that distributing 100,000 TDDs at a present cost of \$160 per unit creates a \$16 million increase in relay system costs.

²Given Michigan Bell's \$9.1 million annual cost to run the relay system and its estimate of LEC access lines in Michigan, a monthly surcharge of 20¢ on each LEC access line within the state would recover sufficient revenue to run the relay system.

Michigan Bell acknowledges that the relay system would be very beneficial to the hearing- and speech-impaired population of the state. The company supports the concept of the system, but stresses that the creation and operation of the system is not the responsibility of the LECs. Moreover, the company maintains that the Handicappers' Civil Rights Act (HCRA), 1976 PA 220, MCL 37.1101 et seq., does not require the telecommunications network to be made accessible to hearing- and speech-impaired persons because that handicap is directly related to those persons' ability to use the telecommunications network, a fact that makes the HCRA inapplicable to this situation.

On rebuttal, Michigan Bell states that if the Commission determines to establish a relay system, then the costs of that system could be funded by an increase in directory assistance charges. Michigan Bell notes that its Case No. U-9004 already contains a proposal to revise directory assistance charges and that a portion of the revenue identified in that case could be used to defray relay system costs. If a surcharge on other services is ordered, Michigan Bell would not surcharge all services. Rather, the company would surcharge only the services it identifies as non-competitive and non-compensatory.

TAM

TAM, which here represents all LECs in Michigan with the exception of Michigan Bell and GTE, presented its position through Robert W. Orent, General Manager, Hiawatha Telephone Company and chair of TAM's Industry Relations Committee. TAM supports a single, statewide relay system that would handle only intrastate calls and operate 24 hours per day, seven days per week. TAM generally supports the subcommittee report regarding the design and functioning of the system, which should be restricted to calls going to or coming from TDDs or

other CPE designed to aid a hearing- or speech-impaired user. Calls would be billed from originating CPE to terminating CPE as if the call had not gone through the relay center.

While supporting the concept of a relay system, TAM maintains that LECs cannot be compelled to establish and to operate a relay system. TAM argues that state laws, including the HCRA, do not provide authority for the Commission to establish a relay system, nor can such a duty be inferred from an LEC's general obligation to furnish reasonably adequate telephone service to the public within its franchised service area. TAM contends that the Legislature, not this Commission, should establish the relay system. In TAM's view, the relay system is a social welfare program that must be funded from the state's general tax revenues, not from surcharges or LEC operating revenues.

If the Commission establishes a relay system, TAM states that a surcharge is an inappropriate method to recover relay system costs because: 1) customers will perceive the surcharge as an increase in the cost of basic local exchange service; 2) a surcharge conflicts with the concept of obtaining universal service through maintaining the lowest possible cost for basic service; 3) a surcharge conflicts with life-line assistance programs designed to make basic service more affordable for low-income customers; and 4) a surcharge will encourage other special interest groups to press for surcharges to support the costs of implementing other socially-oriented programs.

TAM would have the Michigan Department of Management and Budget establish the relay system, or have a non-profit corporation formed to run it.

GTE

GTE's position was presented through the testimony of Hal R. Hively, its State Director-External Affairs (Michigan), who testified that GTE supports the subcommittee's recommendations regarding a single, statewide relay system with a relay center located in the 313 NPA. GTE stated that its legal staff believes that current Michigan statutes do not reflect an obligation by LECs to serve a specific subsegment of the state's population, such as hearing- or speech-impaired persons. In GTE's view, the proposed relay system is a social welfare program that must be established by the Legislature and funded from the state's general tax revenues. GTE opposes a surcharge to fund operation of the system because: 1) a surcharge will appear to customers as an increase in the cost of basic local exchange service; 2) a surcharge will open the door to similar surcharges for various other activities; and 3) a surcharge merely adds costs to basic local exchange rates while many parties argue for reduced costs to assist low-income customers. On rebuttal, GTE supported Michigan Bell's alternative proposal to use increased directory assistance charges to fund the relay system. GTE acknowledged that it does not presently charge for directory assistance calls.

GTE supports a relay system that would operate 24 hours per day, seven days per week. Under GTE's plan, the relay system would not process interstate and international calls, coin-telephone or hotel-originated calls (unless billed to a calling card or third party), calls to "976" or other recorded messages, or "900" number calls. GTE maintains that these restrictions are necessary to recognize an operator's physical limitations when capturing, translating, and relaying recorded messages, and to assist in fraud avoidance. GTE states that calls through the relay center should be billed from originating CPE to termin-

ating CPE, as if the call had not gone through the relay center. GTE agrees with Michigan Bell that the relay system should be handled by a non-profit administrative board that would have representatives from state government, LECs, and the deaf community. Because the actual design of the relay system--equipment, staffing, etc.--will vary depending on the operator of the system, GTE suggests that operation of the relay system should be put out for bids; any party that can satisfy the bid specifications at the lowest cost should be considered to run the system.

ATTCOM

ATTCOM's position was presented through the testimony of Carmen Lopez, a staff manager within ATTCOM's parent corporation, American Telephone and Telegraph Company (AT&T). Ms. Lopez is involved with the section of AT&T that designed and implemented relay systems in other locales in North America. AT&T operates the relay systems in California and New York. In ATTCOM's view, the best relay system would provide relay service to all LEC exchanges through one relay center; would operate 365 days per year, 24 hours per day; would handle local and intrastate calls initially; and would be expandable to handle interstate calls. International calls (non-North American) would not be permitted because of the difficulties in billing and the different technical standards that exist between countries, such as technical specifications for TDD equipment. ATTCOM would not restrict the length of relay center calls, the number of calls, or the content of calls. Under ATTCOM's proposal, coin-telephone or hotel-originated calls would not be permitted unless billed to a calling card or third party, nor would "900" number, "976" number, or other recorded message calls be permitted due to the difficulty of translating a recorded message, which is typically at a rate faster than normal speech.

ATTCOM proposes that the relay system should be overseen by a non-profit organization similar to California's Deaf Equipment Acquisition Fund (D.E.A.F.) Trust. The non-profit organization would have representatives from government, LECs, and the deaf community, and would select and contract with the system provider. In ATTCOM's view, the system provider would run the relay system and arrange for the system configuration, office furniture, operator training, personnel, system management, "800" service lines, etc. Because of the great variances in equipment and system configurations due to the special needs of any one locale, ATTCOM would leave the specifics of the relay system to the system provider, with oversight by the non-profit organization to ensure that the system provides necessary and efficient service to its users.

ATTCOM states that the system provider must be protected against legal liability, which must be secured through legislation or contractual arrangements. ATTCOM maintains that the system provider must be indemnified against all costs arising out of the defense of any lawsuit arising from the operation of the relay center and the interpretation or translation of message content, including the payment of any money damages awarded and the cost of defending any lawsuit. ATTCOM maintains that the relay center operators must not be required to make any value judgments regarding the legality or obscenity of the message content, must not be subject to criminal prosecution for relaying a message, and must not be held legally responsible for errors due to transcription, transmission, or translation problems.

ATTCOM states that the projected costs developed by the subcommittee provide an estimate of relay system operating costs. However, ATTCOM believes some cost assumptions, such as wages, may be low and that actual costs of operation may be higher.

ATTCOM states that the relay system should be funded by tax revenues, with a minimum time period initially funded. A minimum initial period of five years will ensure the viability of the system; without an ongoing funding source, resources will be diverted to focus on securing continued funding rather than on operation of the system. Alternatively, ATTCOM argues, a per line surcharge could be added to customer bills to fund the relay system as is done in California.

Michigan Department of Labor

MDOL presented its position through the testimony of Christopher Hunter, director of MDOL's Division of the Deaf and Deafened, and Francine Lauer, a field agent/rights representative for that division. MDOL argues that a single, statewide relay system is not a social welfare service that must be funded by tax revenue; rather, the existing telecommunications network in Michigan is a public accommodation that, under HCRA, must be made accessible to handicapped individuals such as hearing- and speech-impaired persons. MDOL maintains that the costs of the relay system should be borne by all telephone ratepayers, much the same as barrier free design building standards are borne by the state's citizens.

MDOL estimates that between 9,000 to 85,000 deaf persons reside in Michigan. The figures are based on a 1972 National Census of the Deaf Population that indicates 600,000 Michigan hearing-impaired residents, of which 85,000 are deaf, and a 1986 Market Opinion Research survey that indicates 300,000 Michigan hearing-impaired residents, of which 9,000 are deaf. The 1986 Market Opinion Research survey indicates that 74% of the deaf have TDDs, while 87% have a telephone. MDOL states that only 9% of Michigan's deaf population has access to a

relay system and that of the 13 existing Michigan relay systems, only four operate 24 hours per day. Of those 13 systems, two will terminate service at the conclusion of 1989. MDOL argues that the present systems are overloaded, with busy signals usually received by potential users. Moreover, MDOL states, the present systems operate only for local calls and most are funded by charitable or civic organizations, thus making their continued existence questionable.

In MDOL's view, a single, statewide relay system is necessary because:

- 1) existing systems serve only 9% of the Michigan hearing-impaired population;
- 2) existing relay systems are not able to provide the entire state with acceptable service;
- 3) statewide relay systems in other states have been effective;
- and 4) a single relay system will assure access by hearing- and speech-impaired persons to emergency services in the case of fire, medical, or other emergencies.

MDOL argues that a statewide relay system will benefit the hearing- and speech-impaired population by enhancing their freedom and privacy, increasing that segment of the population's independence and motivation to succeed. MDOL stresses that the relay system will increase handicapper employment because the primary reason that a hearing- or speech-impaired person is unemployed is that person's inability to answer or use the telephone.

MDOL proposes a single, statewide relay system that would meet the following criteria:

1. The system would operate 24 hours per day, seven days per week;
2. The system would operate with a very low blockage rate;
3. Relay center operators would be able to read and to understand TDD messages written in American sign language and to respond in simple sentences without losing the concept, to type at least 60 words per minute, and to follow the Code of Ethics of the Registry of Interpreters for the Deaf;

4. Restrictions on placing calls through the relay system would be the same as those for general use of the telephone system; and
5. The system would use the latest technology, be readily expandable, and provide both local and intrastate long-distance calling, while being able to permit interstate long-distance calling when that service becomes available.

Under MDOL's proposal, relay system users would be constantly informed of phone line status--dial tone, ringing, busy signals, etc., and access to the system would be by two statewide "800" numbers, one for TDD users and one for voice communication with the relay center.

MDOL would set up an advisory council of members from the deaf community, MDOL, LECs, hearing ratepayers, and other government agencies. The council would provide guidance and assistance in developing, administering, and improving the relay system.

MDOL also favors free distribution of TDDs. MDOL argues that 1980 PA 405, MCL 484.103(2), required LECs to lease or to sell TDDs to deaf persons at a low rate; however, with the 1984 AT&T and GTE divestitures, LECs no longer lease CPE. Thus, MDOL contends, TDDs are not available to low-income deaf citizens, although Michigan Bell continues to lease Minicom III and Minicom IV TDDs in its service territories. MDOL states that a free distribution program for TDDs is an absolute prerequisite to the establishment of the relay system. MDOL would permit a yearly limit on the number of TDDs distributed.

MDOL reviewed the systems operating in various states, noting that providers of those relay systems have been non-profit corporations, as in Utah; private agencies, as in Arizona; or telephone companies, as in California and New York. Canada Bell operates the relay systems for the Canadian provinces.

From its survey of North American relay systems, MDOL found three methods of system funding: 1) tax revenues, as in Arizona, Utah, and Washington, which fund their relay systems either through a specific appropriation for the system's operation or as part of a larger human services agency budget; 2) specific surcharges applied to telephone subscribers, which vary from 3¢ to 20¢ per line, per month, as in California; and 3) inclusion of the system costs as part of an LEC's normal operating expenses, as in New York. In New York, the New York State Telephone Association funds the operation of the New York relay system by assessing New York LECs based upon each LEC's number of access lines. The assessments are then treated as a normal operating expense of the LECs for ratesetting purposes. MDOL favors use of the third funding option, LEC operating expense, because complications exist in increasing surcharges and tax revenue increases are not always possible. MDOL would leave the actual implementation of the funding method to the Commission.

Michigan Association for Deaf, Hearing, and Speech Services

MADHSS's position was presented through the testimony of Anthony T. Randall, its director, and Marlaine Ehrenberger, a rehabilitation specialist for the deaf employed by the association. MADHSS supports creation of a single, statewide relay system and generally supports the subcommittee's report. In MADHSS's view, the relay system will increase hearing- and speech-impaired persons' abilities to communicate, which will increase their functionality and productivity and permit their access to emergency services. MADHSS argues that the establishment, maintenance, and operation of a relay system is the responsibility of Michigan telephone companies.

MADHSS maintains that MCL 484.103(1) requires Michigan telephone companies to furnish reasonably adequate service and facilities for use of the telephone companies' lines by the public, and that without the relay system, hearing- and speech-impaired persons cannot have adequate service. Therefore, MADHSS states, the relay system itself equals reasonable access to the telecommunications network, which telephone companies must provide. MADHSS contends that cost is not a credible or responsible reason for denying access to the telecommunications network, given the high cost of serving rural areas that is recovered through the overall costs of the network. MADHSS argues that the relay system is merely an extension of the concept of universal service. While MADHSS acknowledges that various methods of funding the relay system exist, the association favors treating relay system costs as normal telephone company operating expenses for general ratesetting purposes.

MADHSS supports a relay system that would operate 24 hours per day, seven days per week; that would permit access to "900," "800," and "700" number services; and that would not have restrictions on access by hearing- and speech-impaired persons. In short, MADHSS favors a relay system that permits the telecommunications network to be accessible to hearing- and speech-impaired persons to the same extent that all others can access the telecommunications network.

MADHSS generally favors the system design proposed by the subcommittee report: a single relay center in the 313 NPA with access by separate, statewide "800" service numbers for TDD and voice communications. Calls would be billed from originating CPE to terminating CPE as if the call had not gone through the relay center. An advisory council would be established of deaf customers and others to provide guidance regarding operator training, problem solving, and future enhancements to the system. The association stresses, however, that its

main concern is with the quality of service provided to the hearing- and speech-impaired public; technical details of the system--configuration, equipment, personnel--should be left to the discretion of the entity providing the service.

The Commission Staff

The Staff's position was presented through the testimony of William J. Celio, Director of the Commission's Communications Division, and Pamela D. Seawright, a staff auditor in that division. The Staff's projected costs of the relay system reflect a lower number of relay center operators and supervisors and a shorter call duration than does the subcommittee's projection. The Staff also projects a mature, third-year relay center operation. The Staff based these revisions on discussions with AT&T personnel regarding that company's experience operating the California relay system and scaling down the California results to reflect Michigan's smaller population. The Staff disagrees with Michigan Bell's projected costs, which show a first-year cost analysis, because the projection overstates costs in later years of system operations. The Staff projects third-year costs of \$7,153,327, or an average cost per call of approximately \$6.00 during the third year. The Staff acknowledges that costs during the first and second years are likely to be higher because of the initial start-up of the relay system. The Staff projects that operation of the system would cost 79¢ annually per Michigan resident or \$1.52 annually per LEC access line.

The Staff reviewed various methods of system operation and construction. The relay service could be available 24 hours per day, seven days per week, during normal business hours, or only in emergencies. The system could be operated by the LECs, a third-party provider, or by a government agency. The system's operation could be funded by a legislatively-mandated surcharge,

similar to the method used to fund 911 service in Michigan; by a Commission-originated surcharge on customers' bills--all customers, only users of the relay system, or only certain customers; or by inclusion as a normal LEC operating expense in the ratesetting process. The Staff states that it is very difficult to prescribe the exact configuration of the system network, which may vary depending upon the provider of the system.

The Staff favors establishment of a relay system that would permit hearing- or speech-impaired persons to be able to use the state's telecommunications network in a manner as close to that enjoyed by hearing persons as is economically and technically possible. The Staff's proposed relay system would operate 24 hours per day, seven days per week; calls would be limited, at present, to intrastate calls; calls would be billed from originating CPE to terminating CPE as if the call had not gone through the relay center. However, existing MTS discounts for hearing- or speech-impaired customers' use of the telecommunications network would not apply to relay system calls because the relay system is, itself, a discount; and system users would need to be certified as hearing- or speech-impaired in a manner consistent with current tariff requirements for MTS discounts for hearing- or speech-impaired customers, thus assuring that at least one party to a relay system call is hearing- or speech-impaired.

The Staff's proposal does not provide for free distribution of TDDs. In the Staff's view, free TDD distribution will add to the system's cost. Moreover, the Staff states, the general body of telephone customers must provide its own CPE; consequently, relay system users should provide their own CPE, which is a TDD.

The Staff would establish an advisory board to work out the details of the system, which the Staff argues cannot be adequately addressed on this record.

The advisory board would have three members: one from the Commission Staff, one from the LEC industry, and one from the hearing- or speech-impaired community. Each interest group would select its member of the board. If any interest group could not agree on a member, the Commission would be advised. A list of three acceptable candidates would be submitted to the Commission, which would select the board member. An honorarium of between \$300 to \$500 per meeting could be paid to advisory board members, not to exceed ten meetings during the first year after the board is created and six meetings for each subsequent year. Expenses of the board members would be reimbursed at the rates established for State of Michigan employees; however, utility employee or Staff member expenses would not be reimbursed, nor would those persons be eligible for the honorarium.

In the Staff's view, the operation of the relay system is the responsibility of the LECs as part of their general statutory obligation to provide reasonably adequate service within their franchised service areas. Because of this, the Staff would permit the reasonable and prudent costs of the relay system to be recovered by the LECs through the normal ratemaking process. The Staff would not institute a surcharge to recover relay system costs because a surcharge only guarantees that the system's costs will approach or exceed the amount of the surcharge. While the Staff contends that the LECs must provide a relay system, it does not maintain that the LECs must operate that system. Thus, the LECs are free to contract with a third-party vendor.

Although a third-party contract arrangement might be a workable solution to the LECs' duty to provide telecommunications network access to hearing- and speech-impaired persons, the Staff fears that such an arrangement might result in a "cost plus" contract with no incentive to provide the relay service in the most cost efficient manner. Accordingly, the Staff recommends that a cap be

placed on allowable per-call costs for LEC expense recovery purposes: \$8.00 during the first year of system operation, \$7.00 the second year, and \$6.00 the third year. The Commission could revise the levels to reflect changes in the relay center's cost assumptions. Additionally, the Staff would limit the length of the third-party vendor's contract to avoid any one vendor becoming the primary force in the relevant market and to permit the LECs the option of obtaining new bids for operation of the system. The Staff would provide for annual reports by the LECs to the Commission regarding operation of the relay system.

III.

DISCUSSION

The Commission has reviewed the transcript, exhibits, briefs, reply briefs, and relevant statutes. We conclude that a single, statewide relay system is in the public interest, is within our power to require, and should be established.

The Commission agrees with Michigan Bell, GTE, and TAM that the Commission is a statutory creation with no common law powers. We have only those powers granted by the Legislature. Union Carbide Corp. v Michigan Public Service Commission, 431 Mich 135 (1988). We do not, however, agree that the Commission's present regulatory authority does not extend to methods of reasonable access to the state's switched telecommunications network.

MCL 460.6(1), which is part of the Commission's general enabling statute, 1939 PA 3, as amended, MCL 460.1 et seq., provides complete power and jurisdiction to regulate all public utilities in the state. This section has been held to contain only a broad outline of our powers; specific regulatory authority must be found in other statutes. Huron Portland Cement Co. v Michigan

Public Service Commission, 351 Mich 255 (1958). However, MCL 460.6(1) does provide guidance regarding the extent of the Commission's powers under those other regulatory statutes.

Telephone companies are regulated by the Commission under 1913 PA 206, as amended, MCL 484.101 et seq. (the Telephone Act). That act is replete with sections that grant to the Commission "general control of all telephones, telephone lines and telephone companies within the state," and authority to investigate and to remedy any violation of those statutes that govern Michigan telephone companies. (MCL 484.102.) While one must concede that the basic provisions of the Telephone Act were written in 1913, the Commission has used the general language of MCL 484.103(1) to regulate LECs within Michigan to ensure reasonably adequate service and facilities for use by the public as those terms have been understood over the last 70 years. Using the Telephone Act, we have required LECs to upgrade their service in rural areas to provide for one-party residential lines, to convert to measured business service, to provide directory assistance service, to provide extended area service, to establish basic local exchange rate zones, to provide standard service line attachment allowances, and to provide geographically averaged MTS rates. In short, the Commission has routinely exercised its Telephone Act powers to ensure reasonable access by the state's citizens to the public switched network, and reasonable access has evolved over the years. We find that the Telephone Act provides us ample power to require LECs to provide reasonable access to the state's public switched telecommunications network for hearing- and speech-impaired persons.

The Commission agrees with the Staff that reasonable access for hearing- and speech-impaired citizens means use of Michigan's public switched telecommunications network in a manner as close to that enjoyed by hearing persons as

is economically and technically possible. We disagree with MDOL and MADHSS that reasonable access means access at any cost. In our view, given the present state of technology, a relay system as proposed by the subcommittee report, with proper financial constraints, can now provide a method of reasonable and cost-effective access to the state's telecommunications network.

The duty to provide reasonable access, and hence some form of cost-effective relay system, rests with each LEC for its franchised service area. Given the number of LECs within Michigan and the record testimony regarding the economic problems of creating duplicative services, the Commission must agree with the parties that one, statewide relay system is a reasonable and cost-effective solution and that the LECs in Michigan must provide that system. Because of the number of LECs in Michigan, there must be some central point of reference for the system. Michigan Bell serves approximately 85% of the billable access lines in Michigan. Given Michigan Bell's relative size in relation to the remaining LECs, it is logical to assume that Michigan Bell will be highly interested in obtaining a cost-effective relay service. Thus, the Commission directs Michigan Bell to take the lead in establishing a single, statewide relay system. TAM and GTE shall consult with Michigan Bell regarding their needs, and the three, in conjunction with the advisory board later established, shall design and establish a single, statewide relay system that adequately meets the duty to serve the hearing- and speech-impaired customers of GTE, TAM, and Michigan Bell.

The parties were in general agreement concerning the configuration of the system, and we find that the system should provide for 24-hour-per-day, seven-day-per-week operation, and if possible use only two "800" numbers for statewide access to the system--one "800" number for TDD access and one "800" number for

voice access. Calls should be billed as if they had not been placed through the center. The system should handle only intrastate calls at present, but should be designed with a view to expansion when interstate calls become possible.

We agree that coin-telephone calls processed through the system must be collect, credit card, or bill-to-third number because the relay center will not be able to operate the coin-collection mechanisms of the LECs' coin-telephone instruments. The Commission also agrees that "900" calls and "976" and other recorded message calls need not be processed through the system because of the difficulty of translating recorded messages. However, we do not agree that "800" calls should not be processed on an outgoing basis from the relay center, thus permitting hearing- and speech-impaired persons access to catalogue ordering and information services, and "700" conferencing services should also be available. Additionally, we do not find a certification requirement necessary for use of the relay system as proposed by the Staff. We agree with Michigan Bell that, for all practical purposes, the only effective control on the system will be to require that a TDD be on either the originating or terminating end of the call.

To assist Michigan Bell, GTE, and TAM in designing and operating a relay system, we direct that an advisory board as proposed by the Staff be established. The board shall have three members: one from the Commission, one from the hearing- and speech-impaired community, and one from the Michigan LEC industry. The Commission representative will be appointed by the Commission. Within 45 days of the date of this order, the hearing- and speech-impaired community, through MDOL, and the LECs within Michigan, shall each submit three names of persons to be appointed to the board to represent their interest. The Commission will review the submissions and select and appoint the board members, who

shall serve at the pleasure of the Commission. Board members who are not state government or utility employees, may be reimbursed for expenses at the rates approved from time to time for State of Michigan employees. However, honorariums will not be paid to board members. Initially, Michigan Bell shall pay the board's reasonable expenses as part of the company's cost of service. After a relay system provider is selected, the provider shall pay those expenses.

We agree with the parties, especially the Staff, that this present record is an inappropriate vehicle to design a functioning relay system that will provide a cost-effective method of access to the statewide telecommunications network. Accordingly, the advisory board shall consult with and provide advice and comment to TAM, GTE, and Michigan Bell on the design and implementation of the relay system. Moreover, while we find a duty on the part of the LECs to provide reasonable access to the switched telecommunications network for hearing- and speech-impaired persons, we will not, at this time, mandate any single LEC to provide the statewide system. One LEC may seek to establish and operate a system with which the others could contract, or it may make more sense for all of the LECs to contract with a third-party vendor for operation of the system.

There is much speculation in the record regarding the number of hearing- and speech-impaired state residents and the volume of use to which the relay system will be put. Michigan Bell points out that this speculation causes a good deal of uncertainty regarding costs because of the system's cost sensitivity to call volume. However, we are persuaded that the Staff's proposed 100,000 calls per month scenario is appropriate, based on scaling down California's experience with its relay system to reflect Michigan's lower population. While there can be no guarantee that the 100,000 calls per month volume will be accurate, California has a relay system that has operated for a number

of years and its population in some ways reflects Michigan's--the population resides in both rural and urban areas, and many of those urban areas are scattered throughout the state. Therefore, Michigan Bell, GTE, and TAM should predicate design of the relay center and system on a total of 100,000 calls per month.

As an incentive for cost control, the Commission adopts the cost ceilings recommended by the Staff: \$8.00 per call for the first year; \$7.00 per call for the second year; and \$6.00 per call for the third year. Those amounts are reasonable, based on this record. As another cost control feature, the Commission will limit the contract term should the LECs use a third-party vendor to provide the relay system. The contract term should be no longer than five years, with no automatic renewal permitted.

We agree with the Staff, Michigan Bell, GTE, and TAM that free distribution of TDDs is not appropriate. The free distribution of TDDs will greatly increase the cost of the system, and system users should provide their own CPE as do any other users of the public switched network. Additionally, we agree with the Staff that calls placed through the relay system should not be eligible for existing MTS discounts for hearing- and speech-impaired customers. The proposed operation of the system, itself, provides significant benefits to those parties. The special MTS discounts would, of course, continue to apply to calls not placed through the system.

The Commission agrees with the Staff that much of the fine detail of the system must be left to the LECs, the advisory board, and the operator of the system; it is inappropriate for the Commission to dictate configuration of the system when any number of layouts proposed by possible system operators could achieve the same end: a viable, cost-efficient relay system. Accordingly,

Michigan Bell, GTE, TAM, and the advisory board should meet, develop appropriate criteria for the system, solicit bids, and work together to place the system in operation within 18 months.

The Commission understands the LECs' concerns regarding the costs incurred by those companies to establish a relay system. The Commission intends to provide the LECs the opportunity to recover the costs of the implementation and operation of the relay system. Reasonable expenses associated with the relay system will be included in the LECs' cost of service and will be recoverable through the normal ratemaking process. The Commission agrees with the Staff that this approach to cost recovery will provide the incentive to establish and operate a system in the most cost-effective manner possible.

In Case No. U-9385, GTE's most recent general rate case, the Commission is issuing an order today that provides funding for a relay system and establishes the appropriate cost recovery for that system. In another order issued today in Case No. U-8987, Michigan Bell's modified regulation case, the Commission also addresses the funding mechanism for the relay system. In its February 7, 1989 order in that case, the Commission had indicated that any rate reduction associated with the lowering of Michigan Bell's authorized return on common equity should be returned to ratepayers on a per access line basis. In its order issued today in Case No. U-8987, the Commission finds that part of that revenue reduction should be applied to provide funding for Michigan Bell's portion of the relay system. The Commission therefore adopts that finding in this order and concludes that the funding mechanism is consistent with the per access line concept established in the February 7, 1989 order in Case No. U-8987.

For the other LECs, the Commission notes that each year a formal annual earnings review takes place. In that review, the Commission and its Staff

review the historical and projected earnings of the MECA companies. These annual reviews will be the first step in the recognition of additional expenses and revenues associated with implementation and operation of a relay system. Should adjustments be required that are beyond the scope of that process, the normal ratemaking process remains.

The Commission FINDS that:

a. Jurisdiction is pursuant to 1913 PA 206, as amended, MCL 484.101 et seq.; 1919 PA 419, as amended, MCL 460.51 et seq.; 1939 PA 3, as amended, MCL 460.1 et seq.; 1969 PA 306, as amended, MCL 24.201 et seq.; and the Commission's Rules of Practice and Procedure, 1979 Administrative Code, R 460.11 et seq.

b. A single, statewide telecommunications relay system for hearing- and speech-impaired persons should be established by the LECs in Michigan.

c. A single, statewide relay system will permit reasonable access to the state's switched telecommunications network for hearing- and speech-impaired persons in an economic manner.

d. Michigan Bell should take the lead in establishing a single, statewide relay system.

e. An advisory board should be established to assist in planning and operating the relay system.

f. Michigan Bell, GTE, TAM, and the advisory board should meet, develop appropriate criteria for the relay system, solicit bids, and work together to place the system in operation within 18 months of the date of this order.

g. Funding for GTE's and Michigan Bell's portions of the relay system should be provided as authorized in the Commission's March 13, 1990 orders in Cases Nos. U-9385 and U-8987.

h. For other local exchange companies, the additional expenses and revenues associated with implementation and operation of the relay system should be reviewed in their formal annual earnings reviews.

THEREFORE, IT IS ORDERED that:

A. A single, statewide relay system shall be established as provided for in this order.

B. An advisory board is created as provided for in this order.

C. Michigan Bell Telephone Company, GTE North Incorporated, Telephone Association of Michigan, and the advisory board shall meet, develop appropriate criteria for the system, solicit bids, and work together to place the relay system in operation within 18 months of the date of this order.

D. Funding for Michigan Bell Telephone Company's and GTE North Incorporated's portions of the relay system shall be provided as authorized in the Commission's March 13, 1990 orders in Cases Nos. U-8987 and U-9385, respectively.

E. For other local exchange companies, the additional expenses and revenues associated with implementation and operation of the relay system shall be reviewed in their formal annual earnings reviews.

The Commission specifically reserves jurisdiction of the matters herein contained and the authority to issue such further order or orders as the facts and circumstances may require.

Any party desiring to appeal this order must perfect an appeal to the appropriate court within 30 days after issuance and notice of this order, pursuant to MCL 462.26.

MICHIGAN PUBLIC SERVICE COMMISSION

/s/ William E. Long
Chairperson

(S E A L)

/s/ Steven M. Fetter
Commissioner

/s/ Ronald E. Russell
Commissioner

By the Commission and pursuant to
its action of March 13, 1990.

/s/ Dorothy Wideman
Its Executive Secretary

STATE OF MICHIGAN
BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

* * * * *

In the matter of the application of
GTE NORTH INCORPORATED for authority
to revise its schedule of rates and
charges.

Case No. U-9385

At a session of the Michigan Public Service Commission held at its offices
in the city of Lansing, Michigan, on the 13th day of March, 1990.

PRESENT: Hon. William E. Long, Chairperson
Hon. Steven M. Fetter, Commissioner
Hon. Ronald E. Russell, Commissioner

ORDER APPROVING SETTLEMENT AGREEMENT

On June 16, 1989, GTE North Incorporated (GTE) filed an application seeking
authority to revise its schedule of rates and tariffs to provide additional
revenues in the amount of \$22,844,000.

Pursuant to due notice, a prehearing conference was held on September 12,
1989 before Administrative Law Judge Frank V. Strother. The Commission Staff
(Staff), Michigan Bell Telephone Company, Central Michigan University, Michigan
Telemessaging Association, AT&T Communications of Michigan, Inc., MCI Telecom-
munications Corporation, and the International Brotherhood of Electrical
Workers, Local 1106, participated in the proceedings.

On January 23, 1990, the parties submitted a settlement that disposes of
all of the issues in this case. The settlement and stipulation agreement,
attached as Attachment A, is signed by GTE and the Staff. The other parties
submitted signed statements of non-objection.

The settlement agreement provides, among other things, that GTE be granted rate relief in the amount of \$9,600,000 annually; provides for the establishment of a range of rate of return on equity of 12.0%-14.0% for a four-year trial period; provides for a reduction of \$9,107,000 over a three-year period in the Michigan Transition Mechanism charge paid to GTE; includes a Lifeline Telephone Service for eligible customers; and provides \$1,457,000 for a dual party relay system for the hearing impaired.

Both Rule 33 of the Commission's Rules of Practice and Procedure, R 460.43, and Section 78 of the Administrative Procedures Act of 1969, MCL 24.278, provide for the disposition of matters by stipulation and agreement. Those provisions do not relieve the Commission of its responsibility to determine whether the stipulation of the parties is in the public interest.

After a review of the settlement agreement in this case, we find it is reasonable and in the public interest and should be approved.

Although the process of settlement involves compromise, the Commission views it as an opportunity for parties to resolve their disputes fairly and expeditiously. A solution devised by the parties themselves is more likely to fit their needs and circumstances. A settlement also conserves the scarce resources of the parties and the Commission. For these reasons, and as long as it can be demonstrated that the public interest is served by a particular settlement, the Commission encourages parties to settle their disputes.

The Commission FINDS that:

a. Jurisdiction is pursuant to 1913 PA 206, as amended, MCL 484.101 et seq.; 1919 PA 419, as amended, MCL 460.51 et seq.; 1939 PA 3, as amended, MCL 460.1 et seq.; 1969 PA 306, as amended, MCL 24.201 et seq.; and the Commission's Rules of Practice and Procedure, 1979 Administrative Code, R 460.11 et seq.

b. The settlement agreement is reasonable and in the public interest, and it should be approved.

c. GTE should be authorized to revise its schedule of rates and tariffs as provided in the settlement agreement.

THEREFORE, IT IS ORDERED that:

A. The settlement and stipulation agreement, attached as Attachment A, is approved.

B. GTE North Incorporated is authorized to revise its rates to increase its revenues annually by \$9,600,000 effective April 1, 1990.

C. GTE North Incorporated shall file with the Commission, within 30 days, tariff sheets in conformity with those included with the settlement agreement as Exhibit A. However, due to their voluminous nature, the tariff sheets are made part of this order by reference but are not attached.

The Commission specifically reserves jurisdiction of the matters herein contained and the authority to issue such further order or orders as the facts and circumstances may require.

MICHIGAN PUBLIC SERVICE COMMISSION

/s/ William E. Long
Chairperson

I concur in part and dissent in part
as discussed in my separate opinion
attached to this order.

/s/ Steven M. Fetter
Commissioner

/s/ Ronald E. Russell
Commissioner

(S E A L)

By the Commission and pursuant to
its action of March 13, 1990.

/s/ Dorothy Wideman
Its Executive Secretary

STATE OF MICHIGAN
BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

* * * * *

In the matter of the application of
GTE NORTH INCORPORATED for authority
to revise its schedule of rates and
charges.

Case No. U-9385

OPINION OF COMMISSIONER STEVEN M. FETTER
CONCURRING IN PART AND DISSENTING IN PART

(Submitted on March 13, 1989 concerning
order issued on same date)

The Commission Order issued today in this docket approves a settlement agreement that grants GTE North Incorporated (GTE) rate relief in the amount of \$9,600,000 annually and institutes a regulatory incentive plan for a four-year trial period. I concur with my colleagues in approving much of the settlement agreement, but I dissent with respect to a portion of the incentive plan.

The incentive plan adopted today has three objectives, the first being that GTE meet its commitment to complete the upgrade of 56,200 multi-party customers to one-party service by March 31, 1992. The Commission has visited this issue in several prior Orders. On January 5, 1982, in Case No. U-6591, the Commission ordered General Telephone of Michigan (GTE's predecessor) to complete the upgrade program in five years. The utility sought and subsequently obtained a court order that suspended the upgrade requirement ordered by the Commission. On January 12, 1983, in

Case No. U-7252, the Commission approved a rate case settlement in which the utility agreed to provide a revised upgrade plan. However, it was not until February 5, 1987, that the company filed that revised plan in Case No. U-8673. That plan, approved by the Commission in its Order of March 31, 1987, extended the target completion date to 1991. Today's Order further extends the target date to March 31, 1992. Thus, if the incentive plan approved today proves successful, the original five-year upgrade program will have extended over ten years. Even then, there will continue to be more than 12,000 customers whose service will not have been upgraded.

Based on personal experience as well as customer complaints received by the Commission, I appreciate the vital role that upgraded communication service plays in modern society and the hardship caused by inferior service. For approximately 8% of GTE's customers to currently remain on multi-party service in these times of incredible technological advancement in the telecommunications industry is, in my view, intolerable. Indeed, for more than 2% of GTE's customers to have to remain on multi-party service even if the upgrade program is successfully completed is also cause for concern. Moreover, the history of this company's upgrade program does not provide me with confidence that the utility will finally meet its agreed-upon commitment to one-party service, absent an appropriate regulatory structure.

I agree with my colleagues in their objective of creating an incentive for the company to improve its quality of service; however, the Order adopted today provides inadequate incentives for the utility to improve its performance. Under that Order, utility profits above 14% return-on-equity will be shared between the company and its customers. If the utility achieves the stated service objectives it will retain 50%

of the additional earnings; if it fails to achieve these objectives, the company's share will be reduced to 25%. In my opinion, this generous utility share even if program objectives are not met does not provide an adequate incentive, especially for a company that has repeatedly failed to meet prior mandates by the Commission on this same subject.

In its Order in Case No. U-8987 issued today, the Commission also adopts an incentive regulation plan for Michigan Bell Telephone Company. That plan provides that if Michigan Bell fails to meet certain specified objectives the Commission believes to be in the public interest, the utility's share of additional earnings will be reduced from a range of 25-50% to 10%, compared to a reduction from 50% to 25% for GTE. I see no reason for such differential treatment for similarly situated companies. While I would approve of an incentive plan for GTE that follows more closely the concepts utilized in the Michigan Bell plan, I do not believe the plan adopted today for GTE incorporates the incentives necessary to insure that the company will finally meet its agreed-upon service obligations.

For that reason I dissent from that portion of the incentive plan that relates to reduction of incentives for failure to meet agreed-upon objectives as specified in Section II. E. of the settlement agreement. I concur with my colleagues as to all other aspects of the settlement agreement.

A handwritten signature in black ink, appearing to read "St. Fetter", written over a horizontal line.

Steven M. Fetter, Commissioner

S T A T E O F M I C H I G A N

BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

In the matter of the Application)
of GTE North Incorporated for)
Authority to Revise its Schedule)
of Rates and Charges.)
_____)

Case No. U-9385

SETTLEMENT AND STIPULATION AGREEMENT

As provided in Section 78 for the Administrative Procedures Act of 1969, as amended, (MCLA 24.278); Rule 33 of the Rules of Practice and Procedure Before the Commission, (Michigan Administrative Code 1979, R 460.43, Commission Policy favors settlement of contested cases. In accordance with the above rules, the Parties hereto have resolved through settlement discussions certain issues and hereby agree and stipulate as follows:

I.

History of Proceedings

On June 16, 1989, GTE North Incorporated (GTE or Applicant) filed an application seeking authority to revise its schedule of rates and tariffs in Case No. U-9385. Applicant stated that it required additional revenues in the amount of \$22,844,000 to earn an appropriate and proper rate of return on its investment.

Pursuant to the Notice of Hearing issued by the Commission, Applicant gave notice to the customers in its service territories of the proposed increase in rates in the amount of \$22,844,000.

Copies of the Notice of Hearing were mailed to all cities, incorporated villages, townships and counties within Applicant's service area, as well as to intervenors in Applicant's prior rate case (Case No. U-7252), interested parties to all access filings, and to all customers of the North Sylvania Exchange. The Notice of Hearing was also published in daily papers of general circulation throughout Applicant's service area.

Parties who wished to intervene were instructed to do so in accordance with Rule 11 of the Commission's Rules of Practice and Procedure by filing a Petition to Intervene on or before September 7, 1989. Petitions to Intervene were filed by Michigan Bell Telephone Company; Central Michigan University; Michigan Telemessaging Association; AT&T Communications of Michigan; MCI Telecommunications Corporation (MCI); and the International Brotherhood of Electrical Workers, Local 1106. At the Prehearing Conference held on September 12, 1989 at Lansing, all Petitioners were admitted as Intervenor to the proceeding except for MCI which made no appearance at the Prehearing Conference as required by the Notice of Hearing. The schedule for presenting testimony and witnesses for all parties was set by the Administrative Law Judge.

Pursuant to agreement of the parties, in order to provide time for discussion, the schedule for presentation of the Applicant's witnesses testimony was rescheduled from November 13, 1989 to January 23, 1990, and the time for filing of the testimony of the Commission Staff and the intervenors was rescheduled from December 15, 1989 to January 5, 1990 and then to January 11, 1990.

II.

Points Of Stipulation And Agreement

A. Capital Structure

The revenue deficiency in paragraph B is predicated on a consolidated capital structure projected for December 31, 1990 levels and is as follows:

<u>Description</u>	<u>Amount \$(000)</u>	<u>% of Total Capital</u>	<u>Cost Rate</u>	<u>Weighted Cost</u>
Long-Term Debt	\$1,254,335	29.45%	8.36%	2.46%
Short-Term Debt	\$ 68,000	1.60%	8.36%	0.13%
Preferred Stock	\$ 51,915	1.22%	5.59%	0.07%
Common Equity	\$2,030,712	47.68%	13.00%	6.20%
Defd. Inc. Taxes	\$ 743,616	17.46%	0.00%	0.00%
JDITC	<u>\$ 110,751</u>	<u>2.60%</u>	11.09%	<u>0.29%</u>
Total.	\$4,259,329	100.00%		9.15%

B. Revenue Deficiency

The Parties stipulate and agree that the full and final rate relief to be granted in this proceeding is a revenue increase of \$9,600,000 annually effective upon the issuance of a Commission order adopting this settlement. For purposes of settlement, the agreed upon revenue deficiency is computed as follows:

ADJUSTED NET PLANT RATE BASE	\$570,399,000
REQUIRED RATE OF RETURN	9.15%
REQUIRED NET OPERATING INCOME	\$52,192,000
ADJUSTED NET OPERATING INCOME	\$45,930,000

INCOME DEFICIENCY	\$ 6,262,000
REVENUE CONVERSION FACTOR	1.533
REVENUE DEFICIENCY	\$ 9,600,000

The agreed upon rate design to recover the above Revenue Deficiency is attached to this agreement as Exhibit A, and is hereby incorporated.

C. Michigan Transition Mechanism (MTM)

The parties agree that \$9,107,000 of the MTM charge paid to the Applicant should be reduced over a three year period beginning on the effective date of the tariffs authorized pursuant to the order in this case. The interstate switched access rates should be mirrored for intrastate purposes until such time as the access revenues do not cover their costs. On the effective date of this order the MTM is frozen. The remainder of the \$9,107,000 of the MTM shall be converted to a minute of use surcharge on the effective date of the tariffs authorized in this case. This surcharge will be assessed on interLATA terminating access minutes only, and will apply equally to premium and non-premium terminating Carrier Common Line Charges (CCLC) minutes. On the effective date of the tariff authorized pursuant to an order issued in this case, the surcharge will be \$.0251 per minute of use for the first 12 months after the effective date of the Order. From that date through September, it will be \$.0223; for October-December, 1991 it will be \$.0172; for January and February, 1992, it will be \$.0139; and for March through September 1992, it will be \$.0020; and

then eliminated. Any amount of MTM over the \$9,107,000 will be assessed as a CCLC surcharge and will apply equally to premium & non-premium intrastate terminating minutes of use beginning on the effective date of the tariff authorized pursuant to the order in this case. Minutes of use for the calculation of this surcharge will be GTE billed minutes of use from intrastate terminating CCLC for premium & non-premium access as filed in this case. The CCLC surcharge will be \$.0033 on the effective date of the tariff filed pursuant to an order in this case. These rates and timing will be adjusted in the event the effective date in this case is different from March 1, 1990 or the MTM is adjusted subsequent to February 4, 1990. The revenues lost as a result of the decrease in the MTM in the amount of \$9,107,000 will be replaced by (1) continuing to collect revenues now used to support the amortization of the inside wire account after the account is fully amortized in September 1991 (which revenues would amount to \$4,703,000) and (2) increasing local exchange rates over said three year period by \$4,404,000.

The detail of the Plan per year is reflected as follows:

Local Rate Coverage

1st 12 mos. following the effective date of the Order	\$1,468,000
2nd 12 mos. following the effective date of the Order	\$1,468,000
3rd 12 mos. following the effective date of the Order	<u>\$1,468,000</u>
Total	\$4,404,000

Inside Wire Coverage

10/91 through 12/91	\$1,176,000	
1/91 through 9/92	<u>\$3,527,000</u>	
Total		<u>\$4,703,000</u>
Grand Total		\$9,107,000

D. Toll Flexibility

Applicant, as an intraLATA toll provider, will be permitted a range of rates for its toll services which utilizes the rates recently established in the Commission Order in Case No. U-9006 as a ceiling. The floor of these rates will be determined on a fully allocated embedded cost basis including subscriber line usage allocation for the recovery of non-traffic sensitive costs and with the imputation of access charges. This floor is determined to be \$20,000,000 below those revenues projected in this case.

With the approval of this settlement, Applicant will be authorized \$6,500,000 of downward flexibility for its toll services. The remaining \$13,500,000 of flexibility will be available to Applicant upon showing of competitive pressures and proofs of that pressure. The showing shall be in a formal filing with the Commission and the Applicant shall provide notice to the public in accordance with Commission prescribed rules and practices. Applicant will be able to offset revenues lost through application of authorized flexibility on a formula basis. Local exchange rates may be increased on an equal percentage basis per access line to

recover \$0.50 for each \$1.00 of flexibility. Therefore, the \$6,500,000 of flexibility approved herein can be offset by no more than a \$3,250,000 revenue increase.

Where downward flexibility for toll services has been properly authorized by the Commission, reductions in toll rates will require 1 day notice to the Commission while increases require 21 days notice to the Commission and Applicant's customers. Increases in local service rates must be preceded by 21 days notice to both the Commission and affected customers of Applicant.

Toll reductions shall not cause rates to be deaveraged on a geographic basis nor set on a customer specific basis. In addition, reductions should be applied as evenly as possible, across all mileage and time bands on a rate schedule basis. Further, any calling plans approved in response to Commission directive in Case No. U-9153 which reduce revenues shall have that reduction reflected in the difference between that category of service's revenue and costs. Any cost recovery associated with these plans will be the subject of the specific dockets established to deal with the approval of the plans and not subject to the formula established herein unless specifically approved in those dockets.

E. Incentive Plan

Applicant will be authorized a range of rate of return on

equity for a four year trial period. This range will be from 12.0% to 14.0%. Applicant is prohibited from requesting an increase in rates, due to inadequate return, until and unless its financial results, computed on a Michigan rate making basis, produce a ROE less than 12.0%.

Any financial results, computed on a Michigan rate making basis, above 14.0% ROE shall be shared between the ratepayers and the stockholders of the Applicant. The basis of this sharing will be 50% to be used to reduce rates on a per access line basis. The remaining 50% can be used as the Applicant sees fit. The Plan further provides that should the following objectives not be accomplished, the sharing will revert to a ratio of 25% for the Applicant and 75% for its rate payers and the amount retained by the Applicant above the 25% level will be returned to its rate payers with applicable interest. Interest is defined as the customer deposit rate in effect during the duration of this trial period.

Objectives

1. The Applicant meets its commitment to upgrade 56,200 multi-party customers to one-party service by March 31, 1992..
2. The percentage of Applicant's Stored Program Control lines by the end of 1993 is 75%.
3. All new construction of inter-office facility cable routes each of the years will be at least

85% fiber optic.

Plan Details

1. The plan is to run for four calendar years beginning with 1990. Each plan year will be reviewed by the commission to determine if profit sharing is appropriate.
2. Financial results, computed on a Michigan rate making basis, will reflect the following adjustments to net income to determine the rate of return on equity under the plan: (i) to interest charged to construction; (ii) to the disallowance of expenses attributable to Chamber of Commerce dues, Legislative Advocacy, Employee Store, BIS expenses for systems not yet implemented, amounts paid to GTEDS and Directories which result in earnings to those companies in excess of the rate of return allowed to Applicant, and expenses attributable to the Service Corporation pro rate in excess of 1% of the Company's revenues; and (iii) to recognize income tax savings on a net plant rate base.
3. Annual intrastate results will be provided 90 days after the close of the calendar year to the Commission.
4. Customer sharing will be in the form of a credit to each business and residential customer on a per access line basis. The parties understand that this proposed customer sharing mechanism may be subject to

the result in Court of Appeals Docket #117672 entitled AT&T Communications V. Michigan Public Service Commission. The parties also understand that the Commission presently has pending Case No. U-8987 and that it is the intent of the parties herein to implement a customer sharing mechanism prospectively that is consistent with a final non-appealable order in case No. U-8987, or applicable appellate Docket related to Case No. U-8987.

5. Three and one half years after an order in this case, applicant will file a full review and report of the trial results for Commission review. The review and report shall include evaluation of the trial in terms of company financial health, competition, quality of service, network modernization, and customer access to advanced technologies, and the Applicant shall provide notice to the public in accordance with Commission prescribed rules and practices.

F. Lifeline

Applicant will be authorized to offer to its customers a new service, Lifeline Telephone Service. Eligibility for the service will be restricted to those residential customers whose income is 130% or less of the federal poverty level, and who are not a dependent for federal income tax purposes, if less than sixty years of age . Verification of customer eligibility is the responsibility of the applicant.

Applicant will consult with the Commission staff, DSS and community and consumer groups who are or were, members of

the Lifeline committee and make a good faith effort to implement and maximize participation in the Lifeline service.

Lifeline telephone service will provide a monthly credit of \$2.00 to the regular monthly charge for basic local telephone service and a waiver of \$2.00 of the Federal Subscriber Line Charge for eligible customers. Eligible customers may also have service connection charges reduced by one-half, up to thirty dollars, with the remainder payable in four equal monthly installments.

The parties stipulate that Applicant will increase the basic local exchange charges to all non-lifeline residential and business access lines in an amount of ten cents (\$.10) per month to recover the costs associated with Lifeline Service. The parties stipulate that Applicant will file, within ninety days of the first anniversary of the order in this case, a reconciliation of the revenues and costs associated with the Lifeline Service. Applicant will match revenues and costs in such a manner which avoids any impact on net income.

Applicant will begin offering Lifeline Service to its customers no later than six months after the Order in this docket.

G. Dual Party Relay System

1. Applicant is authorized funding for a dual party relay

system for the hearing impaired. This funding is in the annual amount of \$1,457,000 and recognized in the revenue deficiency detailed in Section II B. The details of the dual party relay system are or will be contained in the Commission Order in Case No. U-9117.

2. Applicant will match revenues and costs in a manner which avoids any impact on net income.
3. Applicant will file within 90 days of the first anniversary after the Order in U-9117, a reconciliation of the revenues and costs associated with dual party relay system.

H. Treatment of Existing End User Charge

Applicant will eliminate the separate itemization of the existing \$0.29 monthly end user charge on customer bills. This charge will be rolled into customer rates and treated as local service revenue.

I. Market Area Calling Optional Toll Plans (MARC)

Are adopted as reflected in Exhibit 'A' attached to this agreement and made a part hereof.

J. Ancillary Service Billing and Collection Rates

Are adopted as reflected in Exhibit 'A' attached to this agreement and made a part hereof.

K. Local Private Line Service Rates

Are adopted as reflected in Exhibit 'A' attached to this agreement and made a part hereof.

III.

MISCELLANEOUS

1. The Parties hereto agree that if the Commission does not accept this Stipulation and Agreement without modification, to be evidenced by incorporating this Stipulation and Agreement within the Commission's approval order by reference, restatement and/or attachment, that the same may be withdrawn and if withdrawn shall not constitute any part of the record in this rate proceeding nor be used for any purpose whatsoever. The Parties further agree that if the Commission does not issue a final order adopting this agreement within a reasonable time of the date of its submission to the Commission, any party hereto may, by written notice to the other parties, withdraw from this stipulation.
2. This Stipulation and Agreement has been made for the sole and express purpose of reaching a compromise among the positions of the signatories hereto. This Stipulation and Agreement and all offers of settlement and discussions related hereto are and shall be privileged and shall not be used in any manner, nor be admissible, for any other purpose in connection with this proceeding or any other proceeding. All matters set forth in this agreement are presented only in connection with this settlement stipulation proposal, and are presented without prejudice to any positions any of the signatories may have advanced in other proceedings and without prejudice to their respective positions initially proposed in these proceedings. All of the provisions of

this Stipulation and Agreement are also dependent upon all the other provisions contained herein.

3. This Stipulation and Agreement is intended as a final disposition of this proceeding, and the Parties hereto join in respectfully requesting the Commission to grant prompt approval of the same. Each signatory agrees not to appeal, challenge or contest the rates and other matters approved by the Commission in this proceeding, accepting and approving this Stipulation and Agreement without modification.
4. It is the opinion of the signatories hereto that this Agreement will promote the public interest, will aid in the expeditious conclusion of this case, and will minimize the time and expense which would otherwise have to be devoted to this matter by the Commission and all of the Parties.
5. All the signatories hereto waive Section 81 of the Administrative Procedures Act of 1969 (MCLA 24.281) as it applies to the issues in this proceeding.

GTE NORTH INCORPORATED

Applicant

By: *David C. R.*

Noted 1/23/90

MICHIGAN PUBLIC SERVICE COMMISSION

Staff

By: *D. R. Smith*

1/23/90

CENTRAL MICHIGAN UNIVERSITY

Intervenor

By: _____

MICHIGAN BELL TELEPHONE COMPANY

Intervenor

By: _____

AT&T COMMUNICATIONS OF MICHIGAN

Intervenor

By: _____

MICHIGAN TELEMESSAGING ASSOCIATION

Intervenor

By: _____

INTERNATIONAL BROTHERHOOD OF
ELECTRICAL WORKERS, LOCAL 1106

Intervenor

By: _____

MCI TELECOMMUNICATIONS CORPORATION

Intervenor

By: _____

Dated: _____

STATE OF MICHIGAN
BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

In the matter of the application)
of GTE North Incorporated for) Case No. U-9385
authority to revise its schedule)
of rates and charges.)
_____)

CERTIFICATE OF NON-PARTICIPATION

Now comes Michigan Bell Telephone Company,

"Intervenor" in the above-captioned case, and represents to the
Commission as follows:

The Intervenor certifies that although the Intervenor is
not participating in the Settlement Agreement, the Intervenor has
no objection to the Settlement Agreement or approval of the
Settlement Agreement by the Commission and waives, to the extent
necessary, Section 81 of the Administrative Procedures Act.

Executed on behalf of Intervenor this 23rd day of

January, 1990.

MICHIGAN BELL TELEPHONE COMPANY

By: Craig A. Anderson
CRAIG A. ANDERSON
His Attorney

STATE OF MICHIGAN
BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

In the matter of the Application)
of GTE North Incorporated for)
Authority to Revise Its Schedule)
of Rates and Charges)

Case No. U-9385

CERTIFICATE OF NON-PARTICIPATION

Now comes MCI Telecommunications Corporation,
"Intervenor" in the above captioned case, and represents to the
Commission as follows:

The Intervenor certifies that although the Intervenor
is not participating in the Stipulation and Settlement Agreement
entered into by Parties to this case, the Intervenor has no
objection to the Stipulation and Settlement Agreement or
approval of the Stipulation and Settlement Agreement by the
Commission and waives, to the extent necessary, Section 81 of
the Administrative Procedures Act (MCLA 24.281).

Executed on behalf of Intervenor this 27th day of
January, 1990.

HOUGHTON, POTTER, SWEENEY & BRENNER
A Professional Corporation

By: James E. Brenner
James E. Brenner (P11178)

Attorneys for MCI Telecommunications
Corporation
3300 Guardian Building
Detroit, Michigan 48226
(313) 964-0050

HOUGHTON, POTTER,
SWEENEY & BRENNER
ATTORNEYS & COUNSELORS
PROFESSIONAL CORPORATION

3300 GUARDIAN BUILDING
DETROIT, MICHIGAN 48226

(313) 964-0050

STATE OF MICHIGAN
BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

In the matter of the application)
of GTE North Incorporated for)
authority to revise its schedule)
of rates and charges.)

Case No. U-9385

CERTIFICATE OF NON-PARTICIPATION

Now comes International Brotherhood of Electrical Workers Local 1106,

"Intervenor" in the above-captioned case, and represents to the
Commission as follows:

The Intervenor certifies that although the Intervenor is
not participating in the Settlement Agreement, ^{dated January 23, 1990,} the Intervenor has
no objection to the Settlement Agreement or approval of the
Settlement Agreement by the Commission and waives, to the extent
necessary, Section 81 of the Administrative Procedures Act.

Executed on behalf of Intervenor this 23rd day of

January, 1990.

Samuel C. McKnight

STATE OF MICHIGAN

BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

In the matter of the Application)
of GTE North Incorporated for) Case No. U-9385
authority to revise its schedule)
of rates and charges.)
_____)

CERTIFICATE OF NON-PARTICIPATION

Now comes Michigan Telemessaging Asso "Intervenor" in the
above captioned case, and represents to the Commission as
follows:

The Intervenor certifies that although the Intervenor is
not participating in the Stipulation and Settlement Agreement
entered into by Parties to this case, the Intervenor has no
objection to the Stipulation and Settlement Agreement or
approval of the Stipulation and Settlement Agreement by the
Commission and waives, to the extent necessary, Section 81 of
the Administrative Procedure Act.

Executed on behalf of Intervenor this 22 day of
January, 1990.

David E. Martin
Attorney for Mich. Telemessaging Asso.

STATE OF MICHIGAN
BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

In the matter of the application)
of GTE North Incorporated for)
authority to revise its schedule)
of rates and charges.)

Case No. U-9385

CERTIFICATE OF NON-PARTICIPATION

Now comes AT&T Communications of Michigan, Inc.,

"Intervenor" in the above-captioned case, and represents to the
Commission as follows:

The Intervenor certifies that although the Intervenor is
not participating in the Settlement Agreement, the Intervenor has
no objection to the Settlement Agreement or approval of the
Settlement Agreement by the Commission and waives, to the extent
necessary, Section 81 of the Administrative Procedures Act.

Executed on behalf of Intervenor this 23rd day of

January, 1990.

AT&T Communications of Michigan, Inc.

By Rick D. Bailey
Esq. Its attorney

STATE OF MICHIGAN
BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

* * * * *

In the matter of the application of
MICHIGAN BELL TELEPHONE COMPANY for
authority to implement a trial plan
for modified regulation.

Case No. U-8987

At a session of the Michigan Public Service Commission held at its offices
in the city of Lansing, Michigan, on the 13th day of March, 1990.

PRESENT: Hon. William E. Long, Chairperson
Hon. Steven M. Fetter, Commissioner
Hon. Ronald E. Russell, Commissioner

OPINION AND ORDER

I.

HISTORY OF PROCEEDINGS

On December 29, 1987, Michigan Bell Telephone Company (Michigan Bell) filed an application requesting the Commission to revise the method by which it regulates the company. Michigan Bell filed an amended application on May 11, 1988. In pertinent part, Michigan Bell proposed that during a three-year trial, the company's rate-of-return regulation be eliminated, in effect permitting the company to earn any rate of return it could.

On February 7, 1989, the Commission issued an order and notice of hearing. Based on comments and information filed by the parties, as well as previous findings within the orders and reports contained in Cases Nos. U-8716 and U-8816, the Commission found that a competitive market exists for many of Michigan Bell's services such as message toll service (MTS), wide area telephone

service (WATS), and 800 service. As a result, the Commission found it appropriate that Michigan Bell's rate-of-return regulation be revised on a company-wide basis while retaining ratesetting oversight for all services. Specifically, the Commission held that Michigan Bell should be permitted to earn within a range of rates of return on common equity. Below that range, the company could request rate relief; above that range, a portion of earnings would be returned to ratepayers. To effectuate this revision to Michigan Bell's rate-of-return regulation, the Commission ordered that a limited proceeding be held to establish:

1. A reasonable rate of return for Michigan Bell, including a reasonable rate of return on common equity;
2. A reasonable range of rates of return within which Michigan Bell shall be permitted to earn;
3. A percentage plan for sharing of revenue over the upper limit of the range of rates of return (a graduated range may be presented);
4. Yearly filing requirements to demonstrate the company's earnings; and
5. A time limit for review of the trial plan. (February 7, 1989 order, p. 11.)

On March 9, 1989, Michigan Bell filed a request for reconsideration or clarification of the February 7, 1989 order relative to how any shared excess revenues should be used to benefit ratepayers. On April 20, 1989, the Commission issued its order denying that request. The Commission nevertheless clarified that any initial adjustment to Michigan Bell's authorized rate of return should be used to reduce basic local exchange rates and that any shared revenues arising later should be reflected in local exchange rates.

In the meantime, on April 12, 1989, Michigan Bell filed the testimony and exhibits of three witnesses. Pursuant to due notice, a prehearing conference was held on April 17, 1989 before Administrative Law Judge James Rigas (ALJ), at

which time he granted the petitions to intervene filed by Attorney General Frank J. Kelley (Attorney General), AT&T Communications of Michigan, Inc. (ATTCOM), MCI Telecommunications Corporation (MCI), the United States Department of Defense and all other Federal Executive Agencies (United States), GTE North Incorporated (GTE), the Michigan Exchange Carriers Association, Michigan Telecommunications Coalition, and Thomas C. DeWard. U.S. Sprint Communications Company (Sprint) was also subsequently granted permission to intervene. The Commission Staff (Staff) also participated in the proceedings. Cross-examination of the company's direct case took place on May 30 and 31, 1989. Cross-examination of the Staff's and the intervenors' cases took place on August 7 through 9, 1989. Finally, cross-examination of Michigan Bell's rebuttal testimony was completed on September 29, 1989. The record consists of 1,403 pages of transcript and 63 exhibits.

Post-hearing briefs were filed by Michigan Bell, the Staff, the Attorney General, ATTCOM, MCI, Sprint, the United States, and Mr. DeWard. Reply briefs were filed by Michigan Bell, the Staff, the Attorney General, ATTCOM, and MCI. The Commission has read the record, eliminating the need for a proposal for decision.

II.

POSITIONS OF THE PARTIES

Michigan Bell

Michigan Bell proposes a three-year trial plan for modified, or "incentive", regulation. During that time, the company proposes a return on intrastate net plant rate base of 10.15%, which it submits reflects its current cost

of equity capital, 15.2%. Michigan Bell also proposes a 9.65% to 10.65% range of earnings on its intrastate net plant rate base, as well as a 14.3% to 16.7% range of earnings on its common equity. The company proposes that there be no rate or revenue increases, despite the existence of a revenue deficiency, at the commencement of the incentive regulation trial plan.

Michigan Bell further proposes a sharing plan whereby earnings above 10.65% on its rate base would be shared equally, that is, on a 50%-50% basis between ratepayers and shareholders. The ratepayers' share of earnings would be implemented through three alternatives based on company preference. First, the company believes that the ratepayers' portion of excess earnings should be reflected in rate reductions in usage-priced services such as toll and carrier access charges. Second, Michigan Bell proposes that the ratepayers' share be applied in the form of additional depreciation. Third, the company recommends that if neither the first nor second alternatives are approved, ratepayers' portion be used for specific investments in the telecommunications network. Finally, the company offers certain annual review, reporting, and accounting recommendations.

Michigan Bell maintains that its plan is designed to benefit its customers, the company, and the public as a whole through the encouragement of economic development. Michigan Bell stresses that it has long been the major source of investment capital for developing and enhancing the telecommunications infrastructure of this state. The company contends that this infrastructure has increasingly assumed a pivotal role in spurring economic development in Michigan. Michigan Bell asserts that its proposal is designed to continue that development, because it will provide increased incentives for the company to expand its key role in enhancing the state's telecommunications infrastructure.

In support of its proposal, the company cites its \$6.8 billion investment in the construction of the telecommunications network during the five years since divestiture, the 17,000 jobs it has provided for Michigan residents, and its active support of educational, social, economic, and cultural programs throughout the state. Michigan Bell maintains that these contributions to the state's economy have been made possible by the company's earnings since divestiture. Therefore, Michigan Bell contends that adoption of its proposal will enable it to continue and even expand its efforts to provide a state-of-the-art telecommunications system in Michigan. Furthermore, the company asserts that its sharing proposals will provide a new incentive to increase efficiency and innovation and enable the company's ratepayers and investors to share equally in the company's success. In short, the company contends that its incentive regulation proposal will "signal that the state of Michigan is competitive with alternative locations for investment decisions."

Staff

The Staff recommends a rate of return on common equity of 13.02% with a range of 12.44% to 13.60%, and an overall rate of return of 9.10% with a range of 8.82% to 9.38%. Because the Staff calculated a revenue excess resulting from the change in the rate of return on common equity, the Staff recommends an immediate and permanent monthly per customer access line rate reduction.

As to a sharing plan for excess earnings, the Staff recommends a plan based on 75% to ratepayers and 25% to shareholders because the company is doing exceptionally well financially. However, should Michigan Bell invest at least \$550 million in the telecommunications infrastructure in Michigan during the year, the Staff recommends that any excess earnings be shared 50%-50%. The Staff pro-

poses that, in its yearly filings, Michigan Bell be required to make proposals for how those shared excess earnings should be distributed.

Attorney General

The Attorney General maintains that the Commission should adopt 11.75% as the proper rate of return on common equity for Michigan Bell with a cost of equity range of 10.7% to 12.7%.

The Attorney General asserts that Michigan Bell's proposed sharing plan should not be necessary as an incentive because management should already be sufficiently motivated to efficiently serve the best interests of its customers and investors without requiring any additional incentive. However, if a sharing plan is adopted, the Attorney General suggests that a graduated sharing scheme is more appropriate. The Attorney General would allow the company's investors to retain 50% of the first .5% in excess of the allowed return on equity and 25% of any excess return beyond that point. Additionally, the Attorney General proposes that ratepayers' share of profits be directly refunded through a uniform credit to local exchange customers.

ATTCOM

ATTCOM is concerned with one specific issue in this proceeding--reductions in rates for service categories if Michigan Bell has excess earnings. ATTCOM supports Michigan Bell's preferred plan for sharing excess revenues, which would provide a refund through rate reductions in usage-based services such as toll and carrier access services. In particular, ATTCOM contends that access services, which Michigan Bell provides to the interexchange carriers (IXCs) to permit their use of Michigan Bell's local network facilities for the origination and termination of calls by those carriers, are priced above cost. Therefore,

ATTCOM concludes that if there are any excess earnings, access services will contribute to those earnings. Consequently, if Michigan Bell's earnings are shared, ATTCOM asserts that IXCs must be included in any refunds because their purchase of access services will have contributed to any overearnings.

Sprint

Like ATTCOM, Sprint is concerned with the single issue of how rate reductions reflecting excess earnings by Michigan Bell should be made. Sprint agrees with ATTCOM that those reductions should be made to all services that contributed to the overearnings and not to a single category of services such as local exchange services. Therefore, Sprint also supports the sharing of earnings through reductions in rates for usage-based services. Sprint concurs with Michigan Bell that those rate reductions will enable the company to remain competitive by reducing prices to more closely approach costs. Those reductions will provide the additional benefit of stimulating usage of services, resulting in increased network efficiencies.

Finally, Sprint contends that if the Commission chooses to require Michigan Bell to make specific sharing proposals each year, rather than adopt any one option at this time, it and the other parties should have the opportunity to comment on any future proposals.

MCI

Because rate-of-return regulation is a substitute for competitive market forces, MCI maintains that it should not be eliminated or even modified unless adequate and effective competition exists that will prevent abusive and anti-competitive pricing by Michigan Bell. According to MCI, Michigan Bell has failed to show that it is subject to competitive pressure and, in fact, Michigan

Bell continues to provide a majority of its services in a virtually competition-free environment. Because Michigan Bell continues to be a monopoly provider of local exchange service and continues to control access to the local loop, MCI asserts that lessening of regulatory control of Michigan Bell would be detrimental to the public interest. Furthermore, MCI argues that Michigan Bell's allegation that it requires additional incentives in order to enhance its operating efficiency must be rejected. Because Michigan Bell is doing extremely well financially, MCI maintains that Michigan Bell already enjoys more than sufficient incentives under existing regulation and, therefore, the modification of rate-of-return regulation is premature and unnecessary. According to MCI, Michigan Bell's enjoyment of excessive earnings belies the company's assertion that, without additional incentives, the telecommunications network will be inadequate and certain services will be unavailable.

MCI maintains that the company's profit sharing proposal, i.e., to keep half of all revenues in excess of the authorized rate of return, without any cut-off, is unreasonable. MCI urges the Commission to establish an earnings level above which all excess earnings are returned to the ratepayers that contributed to the overearnings. MCI supports a graduated scheme for the sharing of profits through which the percentage of excess earnings that Michigan Bell retains is decreased over time to the point at which all excess revenue is returned to ratepayers. MCI further maintains that Michigan Bell should also share in any losses in a manner similar to that used for the sharing of excess earnings.

Finally, although MCI is critical of Michigan Bell's three sharing alternatives, it nevertheless agrees with the company, ATTCOM, and Sprint that ratepayers' share of any excess earnings should be reflected in rate reductions for usage-based services.

United States

The United States contends that the proper return on Michigan Bell's common equity should be 11.2%. The United States does not oppose an incentive regulation plan for Michigan Bell; however, it maintains that any plan must provide for a cap or upper limit on company earnings. It states that a plan that allows unlimited excess profits bears no relationship to the traditional standard that ties just and reasonable rates to a fair and reasonable return on investment.

The United States also argues that there must be a distinction between higher earnings resulting from improved efficiency, innovation, and productivity by the company and earnings resulting from events outside the company's control such as a reduction in the corporate tax rate. According to the United States, those earnings that are the result of external factors should be entirely flowed through to ratepayers. As a result, the United States argues that Michigan Bell should have the burden to show that it is entitled to keep any excess earnings by demonstrating that they are due to management initiative and efficiency. Finally, the United States urges the Commission to require Michigan Bell to state affirmatively that it will not seek rate increases during the initial years of the plan.

Thomas C. DeWard

Mr. DeWard intervened in this proceeding because he believes that Michigan Bell's rates are too high. According to Mr. DeWard, the telecommunications industry is a declining cost industry. Despite that fact, Mr. DeWard claims that Michigan Bell's proposals would freeze rates at existing levels through early to mid-1991.

Mr. DeWard urges the Commission to reject Michigan Bell's incentive regu-

lation plan and recommended return on equity. According to Mr. DeWard, the company's equity recommendation is based on a theory that has no place in rate-making because it relies on results from Standard and Poor's 500 Index (S&P 500) companies and ignores studies specific to Ameritech, Michigan Bell's parent company. Furthermore, Mr. DeWard argues that Michigan Bell's plan does not use actual 1988 results as a starting point but, rather, uses the return on equity established in Case No. U-7473, i.e., 13.83%. Mr. DeWard maintains that this is inconsistent with the Commission's February 7, 1989 order that required the use of actual 1988 financial data. Therefore, Mr. DeWard concludes that the company plan is deficient and, as a result, it must be rejected. Mr. DeWard maintains that the Staff's case suffers from the same flaws.

III.

DISCUSSION

Legal Framework

MCL 460.6(1), which is part of the Commission's general enabling statute, 1939 PA 3, as amended, MCL 460.1 et seq., provides complete power and jurisdiction to regulate all public utilities in the state. This section has been held to contain only a broad outline of our powers; specific regulatory authority must be found in other statutes. Huron Portland Cement Co. v Michigan Public Service Commission, 351 Mich 255 (1958).

Telephone companies are regulated by the Commission under 1913 PA 206, as amended, MCL 484.101 et seq. That act is replete with sections that grant to the Commission "general control of all telephones, telephone lines and telephone companies within the state." Specifically, 1986 PA 305 (Act 305), MCL 484.103a,

et seq., authorizes the Commission to provide for and exercise flexibility in its regulation where a competitive market exists in this state. The statute goes on to provide that the Commission may deregulate a service if it finds, in a contested case hearing, that competition among providers is sufficient to protect the public interest. However, because the statute does not specifically refer to "incentive regulation", the Attorney General argues that there is no statutory authority for implementation of Michigan Bell's plan. We do not agree.

It is clear that the Legislature has vested the Commission with broad authority to control and regulate all public utilities in Michigan. However, the applicable statutes do not mandate any specific method or standard that the Commission must use to carry out its regulatory functions. Simply because rate-of-return regulation has been the standard method used in Michigan does not preclude the Commission from considering other methods. In Duquesne Light Co. v Barasch, 109 S.Ct. 609; 102 L.Ed.2d 646; 98 P.U.R.4th 253 (1989), the United States Supreme Court refused to impose a ratemaking formula on the Pennsylvania Public Utilities Commission, stating that:

"The adoption of a single theory of valuation as a constitutional requirement would be inconsistent with the view of the Constitution this Court has taken since Hope Nat. Gas., supra. As demonstrated in Wisconsin v Federal Power Commission, circumstances may favor the use of one ratemaking procedure over another. The designation of a single theory of ratemaking as a constitutional requirement would unnecessarily foreclose alternatives which could benefit both consumers and investors The Constitution within broad limits leaves the States free to decide what rate-setting methodology best meets their needs in balancing the interests of the utility and the public. (98 PUR4th at 260, 261; 102 L.Ed.2d at 662, 663.)

The Commission concludes that it is within its power, both statutorily and constitutionally, to adopt an alternative framework for regulation of Michigan Bell.

Regulatory Goals

Having found that there is no statutory or constitutional bar to adopting an alternative framework for regulation in this case, we must next consider whether an alternative method of regulation will better meet our regulatory goals than traditional rate-of-return regulation.

In an environment where the utility does not face competition, traditional rate-of-return regulation ensures that ratepayers pay just and reasonable rates for adequate services, while allowing the utility the opportunity to earn a fair return or profit. As such, rate-of-return regulation serves as a substitute for competitive market forces. At the same time, however, rate-of-return regulation may not provide the flexibility for the utility to respond to a competitive marketplace.

The telecommunications market in Michigan has become increasingly competitive. Recognizing this emerging environment, the Commission has relaxed its traditional regulation of many of Michigan Bell's lines of business. For example, in Case No. U-8716, the Commission authorized intraLATA toll competition, allowing IXCs to compete for the toll business of the local exchange carriers (LECs). In Cases Nos. U-9004, U-9006, and U-9007, the Commission further expanded entry into the market by permitting IXCs to compete with the LECs for intraLATA dial 1+ WATS traffic. Michigan Bell also faces competition for some private line services by facilities-based carriers, large business customers, and unregulated resellers. Many of Michigan Bell's services, such as Centrex, Touch Tone, and Speed Calling, are also available through unregulated customer premises equipment. Coin and operator services are also facing competition from customer-owned coin-operated telephone services and alternative operator services.

Under traditional rate-of-return regulation, our primary regulatory goal has been universal service, which we interpret as high quality services available to the public at affordable and reasonable rates. As the Commission continues to pursue that goal, advancements in telecommunications and the development of a more competitive marketplace necessitate our consideration of new methods. As a result, the Commission believes that there is a need to try modified forms of regulation that may be better suited to the changing nature of the telecommunications marketplace. Exploring modified forms of regulation is not only consistent with the legislative intent underlying Act 305, it will also benefit ratepayers as well as provide a test for the feasibility of different forms of regulation. However, in developing a new framework for regulation, the Commission must balance the interests of ratepayers and investors. Therefore, the goal in this proceeding is to develop a framework that will allow Michigan Bell to maintain its financial health as it responds to competitive forces while continuing to ensure the availability of high quality services at affordable rates.

Rate of Return

Normally, determination of a fair rate of return for a utility requires the Commission to determine an appropriate capital structure, which includes the appropriate percentage of long-term debt, short-term debt, preferred stock, common equity, cost-free capital, and Job Development Investment Tax Credits (JDITC). After the appropriate capital structure is established, the Commission must determine a cost rate for each of these components. In its February 7, 1989 order, the Commission stated that to simplify and facilitate this limited proceeding, actual year-end 1988 financial data would be used as the appropriate capital structure for Michigan Bell, thereby eliminating any potential dispute

regarding the various components. In short, actual cost rates for all components, except the cost of equity, would be used. Consequently, the only component of Michigan Bell's capital structure at issue in this proceeding is the cost of equity capital. Therefore, we begin our discussion with the rate of return on common equity.

Rate of Return on Common Equity

Michigan Bell presented the testimony of Dr. Willard T. Carleton, the Karl Eller Professor of Finance at the University of Arizona, regarding the company's cost of equity capital. Dr. Carleton based his opinions on studies using a discounted cash flow (DCF) methodology. That methodology values an investment on the basis of the present value of the future cash flows the investment is expected to generate, taking into consideration the rate of return the investor could earn by making alternative investments of equal risk. A key component of the DCF model is the expected dividend growth rate. Using this methodology, Dr. Carleton testified that the expected dividend growth should be based on long-term growth rates in earnings per share using only consensus forecasts by financial analysts. Dr. Carleton therefore used the Institutional Brokers Estimate System (IBES) consensus forecasts to determine the long-term dividend growth rate. According to Dr. Carleton, use of future growth rates is more appropriate for regulated telephone companies because of changes in regulation, technology, and competition that are taking place and are expected to continue.

Dr. Carleton stated that, statistically, the IBES consensus growth forecasts more accurately explain stock prices than historic growth rate estimates, which are very sensitive to the period chosen and the method used. In Dr. Carleton's opinion, the forecasts are also more credible because they are

forecasts by more than 2,300 analysts from over 100 leading brokerage firms and they include over 3,400 companies from which data is continually collected and readily accessible.

In determining an appropriate DCF estimate or model for Michigan Bell, Dr. Carleton explained that it is not appropriate to use Ameritech as a proxy for Michigan Bell in the DCF model, because Ameritech provides a mix of regulated and unregulated services and its stock price capitalizes both future regulated and unregulated expected cash flows for a group of companies on a consolidated basis. Dr. Carleton therefore used DCF cost of equity capital estimates for companies included in the S&P 500. According to Dr. Carleton, the S&P 500 is a much better proxy than Ameritech because it gives more accurate results. In Dr. Carleton's opinion, use of a large aggregate sample to derive an average DCF cost of equity cancels out the bias in individual DCF results.

In assessing Michigan Bell's investment risk, Dr. Carleton concluded that given the impact of regulatory and competitive pressures, Michigan Bell's risk is at least as large as the average unregulated company. According to Dr. Carleton, the authorization of intraLATA toll competition and growing competition for many of Michigan Bell's other services has caused the company's investment risk to substantially increase since the Commission last authorized a return on equity for the company.

To determine the range of Michigan Bell's equity returns for the present and for the three years of the modified regulation plan, Dr. Carleton selected the period from 1985 to 1988. He selected this period because, among other things, it produces a range of returns that is appropriate given the three-year duration for the incentive regulation plan. Furthermore, he explained that it eliminates the effect of temporary market conditions that could skew the find-

ings of the study. Based on this period, Dr. Carleton concluded that the appropriate range of cost of equity for Michigan Bell is 14.1% to 16.7%, with a current cost of equity estimate being the average market rate of return that is expected over that period--15.2%.

Finally, Dr. Carleton emphasized that his cost of equity estimate presumes adoption of the company's incentive regulation proposal, specifically, adoption of one of its three profit sharing proposals. According to Dr. Carleton, if the Commission requires a sharing plan that results in local service rate reductions, his estimates would have to be increased because rate reductions would increase the level of risk to Michigan Bell. In Dr. Carleton's opinion, the company could then be required to reduce non-local revenues to address competitive forces simultaneously with local rate reductions.

In its presentation, the Staff started from the premise that Michigan Bell is an operating company of a holding company system, Ameritech, and that Michigan Bell's stock is not publicly traded in capital markets. Consequently, the Staff's witness, Dr. Gondy B. Rao, supervisor of the financial analysis section in the Commission's Technical Services Division, adopted the parent's consolidated capital structure approach in his determination of an appropriate rate of return on equity capital for Michigan Bell. According to Dr. Rao, using that approach is the most appropriate way to determine the company's cost of equity because it recognizes the parent-subsidiary relationship, in which all members of the system act on behalf of each other and proportionally share the risks and returns. Furthermore, he stated that this approach limits the return to the parent on its investments in its subsidiaries to an amount equal to the consolidated system's weighted average cost of capital. Moreover, Dr. Rao pointed out that this approach is consistent with the Commission's methodology adopted in

similar cases, in particular, Michigan Bell's previous rate case, Cases Nos. U-5125, U-6002, and U-7473.

Using the consolidated capital structure approach, Dr. Rao explained that he used three methods for estimating the cost of equity. First, using Ameritech as a proxy in the DCF model, Dr. Rao calculated a cost of equity capital of 12.64%. Second, using the capital asset pricing model, Dr. Rao determined the cost of equity to be 13.75%. Finally, using a comparable earnings analysis, he concluded that the cost of equity for non-Bell telephone companies is 13.27% and the cost of equity for non-regulated industrial companies is 13.51%. Therefore, Dr. Rao testified that the appropriate cost rate on equity capital for Michigan Bell is in the range from 12.44% to 13.60%, with a mid-point of 13.02%.

Dr. Ben Johnson, a consulting economist and president of Ben Johnson Associates, Inc., testified on behalf of the Attorney General. Using a comparable earnings analysis, Dr. Johnson calculated a 11.75% rate of return on common equity with a range from 11.5% to 12.0% for Michigan Bell. He based this determination on his view that the equity risks Michigan Bell faces in its regulated operations are less than those of the average telephone utility and that the cost of equity to the average telephone company is in the range from 11.5% to 12.5%. On the other hand, using a market analysis, Dr. Johnson calculated Michigan Bell's cost of equity to be in the range from 10.7% to 12.7%. In this analysis, Dr. Johnson indicated that he used Ameritech market data as a proxy for Michigan Bell data, because he believes that the Ameritech proxy provides a better DCF analysis than the S&P 500 used by Dr. Carleton. According to Dr. Johnson, because Michigan Bell issues common stock through its parent, Ameritech provides the closest substitute available.

Finally, Dr. Johnson testified that his cost of equity estimate is consistent with what other state commissions have authorized within the past two

years. Dr. Johnson presented statistics indicating that various commissions have authorized returns on equity ranging from a low of 11.2% to a high of 13.89% with an average of 12.62%.

The United States was the only other party to present testimony regarding the appropriate return on equity. Like the other rate-of-return witnesses, Philip R. Winter, an operations research analyst in the General Services Administration's Office of Procurement, used a DCF analysis in his determination. Mr. Winter used a constant growth DCF model based on the assumption that investors expect equal, constant growth in price and dividends over an infinite future holding period. Using that model, he determined that investor return requirements on Ameritech stock are in the range from 10.1% to 11.6%.

As a check on his DCF analysis, Mr. Winter testified that he estimated Michigan Bell's cost of common equity using a capital market line, which mathematically reflects the risk versus investor-required return relationships existing in capital markets. In evaluating that risk, Mr. Winter concluded that an investor in Ameritech's common stock faces risks that are similar to those faced by an investor in bonds rated near double-B by S&P, i.e., bonds that fall within the "junk" bond category. Using S&P's Bond Guides for May and June 1989, Mr. Winter testified that the average investor-required returns on double-B debt range from 11.9% to 12.0%. In Mr. Winter's opinion, the investor in Ameritech's equity does not face any greater risk than investors in bonds at the lower end of the "junk" bond range. However, because Ameritech's common equity is slightly more risky than Michigan Bell's common equity, Mr. Winter concluded that an appropriate estimate of the return on equity for Michigan Bell is 11.2%. Mr. Winter based his opinion regarding Ameritech's level of risk on the fact that it has invested in a wide variety of relatively risky non-utility ventures

including leasing and finance, computer software, telecommunications equipment, cellular service, and directory publication. Therefore, he estimated the risk differential between Ameritech and its telephone utility subsidiaries to be at least 20 basis points in investor-required return.

Mr. Winter also presented testimony regarding the appropriate capital structure that should be used for ratemaking. However, the ALJ struck that portion of his testimony. Nevertheless, the United States urges the Commission to examine the appropriateness of Michigan Bell's capital structure. The Commission finds that the ALJ properly struck this testimony consistent with our February 7, 1989 order.

Although he did not present testimony on the appropriate rate of return on common equity, Mr. DeWard presented testimony regarding actual results of operations and adjustments to actual results of operations as well as testimony on an appropriate capital structure. However, like Mr. Winter's testimony, the ALJ struck those portions of Mr. DeWard's testimony. Mr. DeWard also urges the Commission to reverse the ALJ and consider that testimony because he asserts that this information is necessary to determine an appropriate rate of return on equity. However, having found that the ALJ properly struck Mr. Winter's testimony, the Commission also finds that the ALJ properly struck Mr. DeWard's testimony.

In weighing the testimony of financial experts, the Commission must evaluate the underlying data and assumptions on which they based their opinions. Here, determination of an appropriate rate of return on common equity also necessitates an analysis of the risks faced by investors in Michigan Bell's common equity.

Each of the rate-of-return witnesses premised his determination of the rate

of return on common equity on his view of the risk of Michigan Bell's common equity. That testimony was widely divergent. At one end of the spectrum, Dr. Carleton testified that the company's investment risk was as large as the average unregulated company. At the other end of the spectrum, Dr. Johnson indicated that the equity risks facing Michigan Bell in its regulated operations are less than those of the average telephone utility and less than the completely unregulated industrial firm. The United States and the Staff presented evaluations between these two extremes. Mr. Winter indicated that an investor in Ameritech's common stock faces some risks, but concluded that Michigan Bell's investment risk is low. The Staff recognized that Michigan Bell faces some competition, but that it is not overwhelming at this time. Therefore, the Staff maintained that the company's risks are still considerably lower than those of the market as a whole.

In rendering his opinion regarding Michigan Bell's equity risk, each witness relied upon different sources of data, some more persuasive than others. Dr. Carleton relied upon S&P 500 companies to estimate Michigan Bell's cost of equity. However, the Commission finds several shortcomings in Dr. Carleton's use of that index.

Although Dr. Carleton emphasized that the S&P 500 companies, in the aggregate, have risks comparable to Michigan Bell, his analysis was flawed. Using the S&P 500 companies, Dr. Carleton admitted on cross-examination that he did not analyze whether Michigan Bell faces more or less risk than those companies. He simply took a broad sample of companies to produce average cost of equity estimates that he maintained are representative of the market as a whole. However, Dr. Carleton conceded that he never looked at specific companies to determine their individual growth rates for earnings, dividends, etc., but rather

simply used consensus growth forecasts. Dr. Carleton merely looked at those S&P 500 companies that pay dividends and used as many of those companies as he could to develop the average for the market as a whole. He then assigned that average cost of equity to Michigan Bell. However, Dr. Carleton admitted that many of the S&P 500 companies have different debt ratings than those assigned to Michigan Bell and many also have divisions with different growth rates. Dr. Carleton also conceded that he did not compute the growth rates for Michigan Bell or Ameritech, and he did not recall even seeing what their growth rates were from 1984 to the present.

The Commission finds that Dr. Carleton's use of S&P 500 companies as a proxy for Michigan Bell is inappropriate. The S&P 500 includes highly diverse companies--everything from food companies to cosmetic companies to manufacturing firms. The only characteristic these companies have in common with Michigan Bell, from a financial standpoint, is the fact that they pay dividends. Although Dr. Carleton explained that it is the aggregate that counts and not the individual companies, because no individual company can be described the same as Michigan Bell, his premise is fundamentally incorrect. As the Attorney General correctly points out, the concept of comparability is a judgmental, subjective concept. At a minimum, however, any analysis based on comparability necessitates that the companies be similar, though not identical, to Michigan Bell. Dr. Carleton conceded that he did not make any representation that any individual company was similar to Michigan Bell.

Most damaging to his presentation was Dr. Carleton's admission that he did not directly measure Michigan Bell's equity risk and he did not even look at Ameritech's earnings, dividends, book equity, and its stock price growth. Although Dr. Carleton repeatedly emphasized that it is the aggregate that counts,

determination of the cost of equity capital requires more than a simple averaging of the cost of equity capital for as many companies as one can find. Because Dr. Carleton's approach lacks any showing that the companies in his sample have risks comparable to Michigan Bell's and fails to recognize the parent/subsidiary relationship, the Commission finds that it must be rejected.

As to Dr. Johnson's testimony, the Commission finds that it lacked a sufficient foundation. On cross-examination, Dr. Johnson admitted that he did not rely on any specific studies or analyses relating to Michigan Bell but, rather, drew upon his general knowledge, including studies of market share and power in other jurisdictions. In particular, Dr. Johnson acknowledged that he did not rely on any formal studies or reports relative to several areas in which he offered testimony, specifically Michigan Bell's service mix and service territory; the risks of telephone utilities versus the risks of energy utilities; the risks of utilities versus the risks of industrial companies; the advantages he claimed Michigan Bell enjoys in the marketplace; the demand for Michigan Bell's primary services; opportunities or incentives for customers to bypass the local network; the regulatory process in Michigan, etc. In short, Dr. Johnson's testimony could have applied to any telephone company in the country.

Mr. Winter's testimony was similarly deficient. Like Dr. Johnson, Dr. Winter did not rely on any formal studies, and he did not prepare any studies. Rather, he stated that his testimony was "self-documenting." As a result, Mr. Winter's analysis of the company's business risks also lacked a sufficient foundation. Mr. Winter was unable to identify any of Michigan Bell's competitors, and he based his opinion that Michigan Bell faces infrequent bypass on his review of a two-year-old, one-page S&P study.

Dr. Rao's approach, on the other hand, not only employed a sample that was

comparable in risk, it also recognized the relationship between a subsidiary and its parent. Dr. Rao used a small sample of Dow Jones industrials to reflect the market as well as Value Line growth estimates for comparable industrials and an independent sample of telephone utilities. He also specifically examined the cost of equity capital for Michigan Bell and Ameritech consistent with the parent's consolidated capital structure approach.

Michigan Bell argues that the reasons justifying use of the parent's consolidated capital structure approach in Dr. Rao's analysis no longer exist. The company maintains that it should have a higher cost of equity than Ameritech, because Michigan Bell has the higher, therefore riskier, degree of leverage as well as a higher embedded cost of debt. We do not agree with Michigan Bell, because its approach treats the company as if it stands alone, having nothing to do with its parent, Ameritech. Although the rate-of-return witnesses disagreed regarding the company's investment risk, Dr. Rao, Dr. Johnson, and Mr. Winter nevertheless agreed that it is necessary to examine Ameritech's capital structure to determine Michigan Bell's cost of equity. Therefore, consistent with our past decisions, the Commission remains convinced that examination of the parent-subsidiary relationship is necessary in determining Michigan Bell's cost of equity. Accordingly, the Commission rejects Michigan Bell's argument and adopts the Staff's methodology.

Michigan Bell offered rebuttal testimony in support of its argument that if the Commission adopts the Staff's methodology, certain adjustments to Dr. Rao's calculations must be made. However, our review of Dr. Carleton's rebuttal reveals that it consists only of selective adjustments to Dr. Rao's calculations. For example, Dr. Carleton used a price of \$38.78 per share for Ameritech's regulated portion of its operations, but he did not make any corresponding

adjustments to the total quarterly dividend for Ameritech's total operations. He also did not make any adjustment to the overall growth rate. We agree with the Staff that if adjustments are made, they should be made to all elements, because the earnings, dividends, and price per share of Ameritech stock reflect the total operations, both regulated and unregulated. Therefore, the Commission is not persuaded by Dr. Carlton's rebuttal.

Michigan Bell also offered the rebuttal testimony of James W. Trunk, assistant comptroller, who testified that Ameritech's year-end debt amount was about \$14 million lower than the value Dr. Rao used in his calculation. He also stated that a year-end debt cost rate of 8.05%, as opposed to 7.8% used by Dr. Rao, should be used. Mr. Trunk testified that making these changes results in a revised range of 12.61% to 13.78%, with an average cost rate of 13.20% rather than 13.02%. Michigan Bell argues that the Staff misinterpreted its March 27, 1989 discovery response (Exhibit A-18), interpreting "average annual interest cost" of 7.85% to be the same as the annualized year-end cost rate. Michigan Bell asserts that its letter accompanying its response did not reflect any value pertaining to Ameritech's year-end cost rate. The Commission finds, however, that the Staff properly relied on Michigan Bell's original figures and that its interpretation regarding the annualized year-end cost rate was reasonable. Therefore, the Commission also rejects this rebuttal testimony.

Having adopted the Staff's methodology, we must now determine Michigan Bell's investment risk in order to establish an appropriate rate of return on common equity. In evaluating that risk, we must examine Michigan Bell's position in the telecommunications marketplace.

The Commission starts from its original finding in this case--that a competitive market does, in fact, exist for some of the company's services. In

light of that finding, MCI's arguments that Michigan Bell is not subject to competitive pressure because it retains its monopoly on all 1+ intraLATA switched traffic lack merit. As we indicated in our December 21, 1989 order in Cases Nos. U-9004, U-9006, and U-9007, in which MCI advanced the same arguments, MCI overlooks the competitive advantages it and the other IXCs continue to enjoy over the LECs. Although rejecting MCI's arguments in that consolidated proceeding, we nevertheless held that it was in the public interest to permit the IXCs to compete with the LECs for the dial 1+ intraLATA WATS traffic, thereby expanding entry into the market. Therefore, MCI's assertion that Michigan Bell does not face competition must be rejected.

As noted earlier in this order, recognizing the growing competition in the telecommunications marketplace, the Commission has relaxed its regulation of the company's more competitive services. As a result, the company must contend with ongoing regulatory restrictions and, at the same time, contend with competitors who are relatively free from regulatory constraints. Although we reject the company's analysis of its level of risk, we agree with Michigan Bell that, because it no longer has regulatory protection from market forces for all its services, competition does increase its investment risk. Furthermore, while only certain segments of the market are fully competitive at this time, the Commission is of the opinion that competition is likely to increase in the future. However, the record demonstrates that, despite increased competition, Michigan Bell has been able to maintain excellent financial health.

Having found that Michigan Bell's investment risk has increased somewhat as a result of competition, the Commission must determine a rate of return that is reasonable and appropriate given that risk. The law requires the Commission to establish rates that are just and reasonable to ratepayers yet sufficient to

provide the utility the opportunity to earn a fair and reasonable return on its investment. However, the Commission has discretion in determining what is reasonable. Moreover, determination of the cost of equity involves a certain degree of judgment. Given the wide range of cost of equity estimates presented in this case, the Commission finds that 13.25% is a reasonable return for Michigan Bell. Use of 13.25% as the benchmark rate of return on equity in the profit sharing plan adopted in this order recognizes the appropriate profit level for Michigan Bell and provides a floor above which earnings will be shared between ratepayers and shareholders. Additionally, use of a rate of return, below which the company may seek a rate increase, that equates to 100 basis points below the benchmark 13.25% return on equity is reasonable and will provide a meaningful degree of regulatory flexibility. Therefore, the Commission finds that a reasonable range of rates of return on equity within which Michigan Bell should be permitted to earn is 12.25% to 13.25%. Accordingly, during the trial period, Michigan Bell is prohibited from requesting an increase in rates, due to inadequate return, until and unless its financial results produce a rate of return on common equity less than 12.25% for a 12-month period.

Finally, the United States urges the Commission to require Michigan Bell to affirmatively state that it will not seek any rate increases during the trial plan. However, in light of our finding that Michigan Bell is prohibited from requesting an increase unless it earns less than 12.25% on equity, the Commission finds the proposal unnecessary and therefore rejects it.

Overall Rate of Return

The process of calculating a new required rate of return on rate base is purely mathematical because the only variable in the process is the new rate of

return on common equity. Accordingly, having found that the appropriate rate of return on common equity is 13.25%, using the Staff's consolidated capital structure approach in this case, the Commission finds Michigan Bell's authorized overall rate of return to be 9.21% computed as follows:

<u>Description</u>	<u>Amount (\$Millions)</u>	<u>Percent of Total</u>	<u>Cost Rate</u>	<u>Weighted Cost</u>
Long-term Debt	\$1,275	29.28%	8.30%	2.43%
Short-term Debt	110	2.53	9.24	.23
Common Equity	1,986	45.60	13.25	6.04
Def. Income Taxes	783	17.98		
Investment Tax Credits	2	.04		
J.D.I.T.C.	199	4.57	11.25	.51
Total	<u>\$4,355</u>	<u>100.00%</u>		<u>9.21%</u>

Initial Revenue Excess

In its February 7, 1989 order in this case, the Commission indicated that once the appropriate rate of return on common equity is established and actual 1988 financial data used, the revenue change necessary to arrive at the new authorized rate of return should be determined. Using the formula provided in that order for this calculation, Michigan Bell, the Staff, and the Attorney General presented testimony regarding the necessary revenue change to arrive at their respective proposed rates of return.

Mr. Trunk presented the revenue change information on behalf of the company. Comparing the company's proposed 10.15% return on rate base with the 9.48% rate of return that results from using its current authorized 13.83% rate of return on equity, Mr. Trunk testified that the total intrastate revenue change is a \$36,093,000 deficiency. Despite this deficiency, Mr. Trunk indicated that the company is not requesting any revenue increase.

The Staff presented its revenue change information through the testimony of Gerald F. Geml, supervisor of the auditing section in the Commission's Communi-

cations Division. Using the Staff's proposed 9.10% overall rate of return, Mr. Geml calculated a revenue excess of \$20,470,331. Mr. Geml testified that the Staff proposed that these excess revenues be returned to local ratepayers through a monthly \$.46 per access line reduction that would be billed as a permanent reduction in basic local exchange rates.

On behalf of the Attorney General, Dr. Johnson testified that using Michigan Bell's actual achieved rate of return on rate base, Michigan Bell's excess revenues approximate \$50 million.

Consistent with our February 7, 1989 order, the Commission finds that using the currently authorized rate of return, rather than the achieved rate of return, is the appropriate basis upon which to determine the revenue change that results from reducing the authorized rate of return on common equity. Therefore, using 1988 year-end financial data, the required revenue reduction is \$14,544,709, calculated as follows:

1. 1988 Average net plant rate base - intrastate	\$3,498,006,000
2. Change in authorized rate of return	
a) Overall return at 13.25% return on equity - 9.21%	
b) Overall return at 13.83% return on equity - 9.48%	
c) Return reduction	<u>.27%</u>
3. Net operating income reduction	\$ 9,444,616
4. Revenue conversion factor	<u>1.54</u>
5. Required revenue change/reduction	\$ 14,544,709

The Commission held in the February 7, 1989 order that any revenue excess shall be used to reduce basic local exchange rates. As indicated previously, the Staff originally proposed that the initial revenue excess be used to reduce local exchange rates through a permanent per-access line reduction. However, William J. Celio, Director of the Commission's Communications Division, pre-

sented alternatives for using the initial revenue excess that would produce the same effect. Mr. Celio suggested that the excess revenue could be used to fund Michigan Bell's lifeline service, authorized in the Commission's November 10, 1988 order in Case No. U-8816, as well as a relay system for the hearing- and speech-impaired, which has been proposed in Case No. U-9117. Mr. Celio testified that the cost of the relay system would be \$7 million in its third year of operation and the cost of the lifeline service is \$2 million per year.

The Commission finds that using the initial revenue excess for the funding of a relay system and lifeline service is in the public interest. Ratepayers benefit because the relay system and lifeline service will be funded through a cost of service approach, without an additional, separate cost to ratepayers. Moreover, use of the initial revenue excess for funding a relay system is consistent with our treatment of this issue in another order issued today in Case No. U-9385, GTE's most recent general rate case.

For these reasons, the Commission finds that the initial excess revenue amount of \$14,544,709 resulting from the change in the authorized rate of return on common equity should be used to fund a relay system, which the Commission has authorized in another order issued today in Case No. U-9117, and lifeline service on a permanent basis.

As indicated earlier, Mr. Celio testified that lifeline service requires funding of approximately \$2 million per year. Because this service is currently funded at a level of approximately \$6 million per year, an additional reduction in revenue of \$4 million per year is appropriate. Therefore, the total initial revenue reduction is \$18,544,709.

As to the cost of the relay system, we have also noted that Mr. Celio indicated that, in its third year of operation, a relay system will require

funding of approximately \$7 million. Initially, the company will not need this entire amount. However, for the initial start-up and construction of the system, it is reasonable to fund the relay system at a level of \$1 million annually for the next two years, i.e., April 1990 through March 1991, and April 1991 through March 1992. The remaining \$6 million per year shall be refunded to local ratepayers in the form of a temporary credit. This credit will be eliminated gradually as the relay system requires additional funding. The company shall reduce the credit by \$2 million increments on April 1, 1992 and on October 1, 1992 and eliminate the credit on April 1, 1993.

On a per access line basis, the Commission finds that local rates shall be altered as follows:

April 1, 1990	Permanent reduction	\$.27
	Temporary credit	.15
April 1, 1992	Temporary credit reduced to	.10
October 1, 1992	Temporary credit reduced to	.05
April 1, 1993	Temporary credit eliminated	

Finally, the Commission takes notice of the fact that, on February 8, 1990, Michigan Bell filed its first annual report on lifeline service. We recognize that this report may affect the amount of revenue required to fund lifeline service. However, any such determinations should be made following Commission review of Michigan Bell's report; it does not change our finding in this order.

Sharing of Future Excess Earnings

In its February 7, 1989 order, the Commission ordered that above the authorized rate of return, a portion of excess earnings shall be returned to ratepayers. Michigan Bell presented the testimony of Harold E. D'Orazio, the company's then Executive Vice-President and Chief Financial Officer, in support

of its sharing proposal.

Mr. D'Orazio testified that all earnings above a 10.65% return on net plant rate base should be shared equally between the company's ratepayers and investors. According to Mr. D'Orazio, a 50%-50% sharing plan would balance the interests of ratepayers and shareholders because the benefits resulting from modified regulation would be shared equally between customers and shareholders. Specifically, he stated that allowing the company to retain half of all excess earnings would produce an even stronger incentive for management and employees to further increase efficiency, productivity, and innovation. In contrast, Mr. D'Orazio testified that a sharing plan of 75% to ratepayers and 25% to shareholders not only thwarts incentive, it also reduces the value of expected productivity and efficiency to customers.

Mr. D'Orazio also presented the company's plan for distributing the ratepayers' share of excess earnings. According to Mr. D'Orazio, ratepayers' share of earnings should be used in a way to maximize long-term benefits to those customers. In particular, he indicated that shared earnings should be used to improve the cost-benefit relationship of the services that customers receive and to enhance the telecommunications infrastructure in Michigan. As a result, Mr. D'Orazio testified that aggregating ratepayers' portion of earnings and using them for the alternatives proposed by Michigan Bell would produce more lasting benefits, because each alternative is designed to maximize the benefits to ratepayers and enhance economic growth and development.

Mr. D'Orazio went on to explain Michigan Bell's three alternatives for the distribution of ratepayers' portion of excess earnings. Because the company believes that shared earnings should be returned to the customers of the services that generated the earnings, Mr. D'Orazio stated that the company's preferred

alternative is to share earnings with its ratepayers by making across-the-board price reductions in profitable usage-priced services. Mr. D'Orazio explained that those services are Michigan Bell's toll services (MTS, WATS, and 800 services), interzone service, and carrier access service. According to Mr. D'Orazio, reducing the prices of these competitive services to a level closer to their costs would enable Michigan Bell to remain competitive and financially viable, and it would also attract new users. On the other hand, he stated that reducing the price of inelastic flat-rated services, especially those priced below cost, does not stimulate usage, encourage investment in the network, or provide any lasting customer benefits. Mr. D'Orazio pointed out that modest reductions in basic local exchange rates would not attract new customers, whereas failing to reduce prices of competitive services would likely drive larger customers off the network. Mr. D'Orazio stressed that lowering basic local exchange service rates would only exacerbate the present imbalance between the costs and rates for that service, thereby increasing reliance on an already unsustainable subsidy.

As an alternative to reducing the prices of usage-based services, Mr. D'Orazio explained the company's second, less-favored, alternative for sharing. He testified that earnings subject to sharing should be offset by additional depreciation. According to Mr. D'Orazio, this would allow the company to recover invested capital in a more timely manner, while providing the means and incentive to make further investment in the telecommunications network required by this state if it is to be attractive for business location and expansion. In Mr. D'Orazio's opinion, a depreciation offset would substantially contribute to the economic development of the state because it would provide the financial means to invest in new technology. He further indicated that ratepayers would

also benefit from this alternative because they would receive advanced telecommunications services to meet their needs. Moreover, the increased depreciation would also result in ratepayers facing lower ongoing cost burdens arising from capital charges on investment in outdated facilities.

Michigan Bell's third, and least favored, alternative for sharing earnings would use shared earnings to fund additional investment in specific network enhancement projects that the company would not otherwise pursue for economic reasons. In particular, Mr. D'Orazio explained that the company would use shareable earnings to benefit ratepayers by converting older technology offices to new digital switching centers and by installing fiber optic cable in inter-office facilities and in the local loop. Mr. D'Orazio again stressed the company's position that funding these specific network improvements would help create jobs and enhance economic development, especially in rural communities. For example, Mr. D'Orazio cited the installation of a digital switching center in Menominee, Michigan to replace the existing step-by-step switch. Although this would bring state-of-the-art features to the area, Mr. D'Orazio explained that the revenues available from the Menominee exchange are not sufficient to cover the costs; therefore, this investment currently is not attractive. However, given a special source of funding, Mr. D'Orazio stated that this investment could be made.

The Staff presented the testimony of Mr. Celio in support of its recommendations regarding Michigan Bell's incentive regulation proposal.

According to Mr. Celio, the Staff and Michigan Bell agree on the fundamentals of the telecommunications marketplace. However, he testified that the basic difference between the company and the Staff relates to their respective views of Michigan Bell's place in that market. Mr. Celio explained that since

the passage of Act 305 and even since the Staff's filing in this case, Michigan Bell has been able to maintain a financial health that would be envied by other regulated utilities in Michigan. In the areas in which the company claims it faces the most competition, Mr. Celio testified that Michigan Bell has nevertheless increased its revenues in 1988. For example, he pointed out that intraLATA toll revenues were 6% higher in 1988 than in 1987 and access revenues were 10% higher in 1988 than in 1987. Moreover, Mr. Celio stated that Michigan Bell earned 14.34% return on equity, on a ratemaking basis, for its Michigan jurisdictional operations in 1988. Given the company's financial health, Mr. Celio testified that its 50%-50% sharing plan is much too generous to the company.

Balancing the company's financial health against the competitive pressures it faces in the market, Mr. Celio testified that the Staff remains convinced that a 75%-25% sharing is more appropriate. He explained that 75% of excess earnings should be used to benefit local ratepayers, and the remaining 25% should be used by Michigan Bell as it sees fit. Because the Staff agrees with Michigan Bell that it plays a vital role in the economic development of the state, Mr. Celio described the Staff's incentive for the company to contribute to the telecommunications infrastructure of Michigan. If Michigan Bell has construction expenditures, on a total company basis, during the calendar year in excess of \$550 million, the Staff recommends a 50%-50% sharing plan. To determine whether the company's construction program recognizes the economics and customer benefits for all customer classes, Mr. Celio supported use of the company's proposed capital additions and retirements for central office equipment and interoffice trunking presented in its depreciation study in Case No. U-9353. Mr. Celio also addressed Michigan Bell's three options for sharing excess earnings with ratepayers. As to rate reductions in usage-based services,

Mr. Celio pointed out that the Commission, in Case No. U-8816, has already put in place reductions in carrier access rates through the phased elimination of the Michigan Transition Mechanism, which amounts to approximately \$39 million by the end of 1990. As to Michigan Bell's second alternative, Mr. Celio testified that contributions to a depreciation reserve deficiency is a method used to correct imbalances on the balance sheet. In Mr. Celio's opinion, it should never be used to modify depreciation rates, because those rates are set by the Commission and reviewed periodically through the regulatory process. Mr. Celio testified that Michigan Bell's third alternative, to fund economically imprudent investments, should not be based on the concept of "let's build something or they'll make us refund." Although not opposed to this specific option as such, Mr. Celio testified that it should be the company, not the Commission or the Staff, that makes the ultimate decisions on what money is spent and where it is spent. Finally, Mr. Celio concluded that the Staff agrees with Michigan Bell that there are many potential methods for using excess earnings. However, rather than adopt a specific method at this time, Mr. Celio suggested that as excess earnings are identified each year, the company should present specific proposals at that time.

In addition to his testimony on rate of return, the Attorney General also offered the testimony of Dr. Johnson relative to Michigan Bell's proposed 50%-50% sharing plan. In Dr. Johnson's opinion, the Commission should reject the company's entire proposal because management should already be sufficiently motivated to efficiently serve the best interests of ratepayers and investors. However, should the Commission decide to establish a sharing plan, Dr. Johnson recommended a graduated sharing scheme whereby Michigan Bell's investors would retain 50% of the first .5% in excess of the allowed return on equity and 25% of

any excess return beyond that point. He also recommended directly refunding ratepayers' share of excess earnings through a uniform credit to local exchange customers. According to Dr. Johnson, fairness requires use of the graduated sharing proposal, which would cap the company's ability to retain excess revenues at the level of 25%.

Bruce Bennett, Staff Manager for ATTCOM, testified that ATTCOM supports Michigan Bell's alternative to use ratepayers' share of excess earnings to reduce usage-priced services, because those are the services that contribute to over-earnings. According to Mr. Bennett, access services provide 27% of Michigan Bell's revenues but 59% of its profits. Therefore, Mr. Bennett concluded that only those services that contribute to the earnings should be eligible for sharing.

MCI presented the testimony of Timothy J. Gates to explain its position regarding Michigan Bell's proposed sharing plan. According to Mr. Gates, the company's 50%-50% sharing percentage is arbitrary. Nevertheless, Mr. Gates stated that, whatever percentage is ultimately adopted, there should be an earnings cap above which all earnings are returned to ratepayers. Furthermore, Mr. Gates testified that fairness requires that Michigan Bell also share in its losses if it is to share in its profits.

Mr. Gates agreed with Mr. Bennett that only those services that contribute to the over-earnings would receive a credit. According to Mr. Gates, service-specific costs must be developed and then the contribution of each customer class should be used to calculate appropriate credits.

In the process of developing a new method of regulation that will be better suited to the changing telecommunications marketplace, we must also develop ways to use the natural forces of competition to advance our goal of universal serv-

ice. The Commission is persuaded that using those forces as incentives to encourage economic efficiency in pricing and productivity as well as technological advancement is necessary. We agree with Michigan Bell that such incentives can permit the company the flexibility to respond to competitive pressures and, at the same time, benefit ratepayers. As a result, any sharing proposal must include sufficient incentives for the company.

Evaluating the various sharing proposals in light of our goals in this proceeding, the Commission finds that none of the sharing plans should be adopted in its entirety. While the company's 50%-50% sharing plan may provide incentive for the company to make more money because it will keep more of that money, the Commission believes that it will not provide the necessary incentive to ensure the company's investment in the telecommunications infrastructure. The Staff's 75%-25% plan also does not provide adequate incentive and, in fact, the Staff acknowledged that its plan has less of an incentive for the company than a 50%-50% plan. To provide that incentive, the Staff proposed a 50%-50% plan that would be implemented if the company reaches a specific level of construction expense.

Although declining to adopt any one of the proposals as structured, some of the proposals contain features that, taken together, will provide adequate incentives and result in an appropriate level and form of sharing. Because the Commission finds some merit in each proposal, it has tried to select the best aspects of each proposal to achieve a balanced sharing plan. We have expanded on certain aspects and have incorporated refinements that, while not part of any party's direct proposal, were developed in cross-examination or through the briefs.

Throughout this proceeding, Michigan Bell has emphasized its commitment to

economic development in Michigan. The Commission agrees with Michigan Bell that the company needs to continue to contribute to the development of a modern telecommunications infrastructure. Improving the telecommunications infrastructure in Michigan will allow more customers to obtain new services and products, thereby improving the quality of life of the state's citizens as well as fostering economic development. However, the record reveals that Michigan Bell has almost totally funded its construction program, i.e., its contribution to the telecommunications infrastructure in Michigan, with funds provided by ratepayers. Exhibits S-24 and S-25, sponsored by Mr. Celio, indicate that an overwhelming percentage of Michigan Bell's construction expenditures is derived from internally generated funds, specifically depreciation expense. Mr. Celio testified that Exhibit S-19 also shows that over the last five years, Michigan Bell has paid an average of 86% of its net income to its parent, Ameritech, in the form of dividends. In short, most of Michigan Bell's profits from its operations have been sent to Ameritech for its use. As a result, we agree with the Staff that, while we do not oppose Ameritech's ventures that will produce products, technology, and profits, we do oppose a captive body of ratepayers funding investments that will be potentially profitable for Ameritech and then not being able to share in the benefits derived from those profits.

To facilitate Michigan Bell in its desire to continue to contribute to the economic development of the state, while ensuring that ratepayers do not totally fund that contribution, the Commission finds that the Staff's proposed construction program incentive, with modifications, should be part of the sharing plan. While a plan that divides profits equally between ratepayers and investors may encourage the company to make more money so that it can keep more profits, it does not provide sufficient incentive to ensure that some of those profits are

invested in the state's telecommunications infrastructure. The Commission therefore agrees with the Staff that incorporation of a construction component in the sharing plan will provide additional, needed incentive for the company. However, rather than requiring the company to spend a specific dollar amount on construction over and above its budgeted amount, we believe that a sharing plan that dedicates a percentage of excess earnings to construction is more appropriate. In this way, ratepayers will receive a portion of excess earnings, the company will retain a portion for its investors, and a portion will be allocated to construction.

The Commission also finds that a modified graduated sharing scheme should be adopted. This graduated scale should be utilized within a range of reasonableness that allows the benchmark 13.25% rate of return to fluctuate. Such a plan will provide the company greater flexibility to respond to market forces and, at the same time, provide ratepayers with the opportunity to share in excess earnings as they increase. Although the Commission finds that a graduated scale for the sharing of earnings is reasonable and should be adopted, we reject MCI's suggestion that a graduated scale for the sharing of losses be adopted as well. Such a plan would defeat the fundamental purpose and goals of this incentive regulation plan.

The United States, the Attorney General, and MCI contend that the Commission should place a cap, or limit, on the rate of return on equity above which all earnings must be returned to ratepayers. In support of its position, the United States argues that a plan that allows unlimited excess profits bears no relationship to the traditional standard that ties just and reasonable rates to a fair and reasonable return on investment. MCI contends that the concept of an allowed rate of return on rate base, even one that includes a range of rates of

return, is useless if there is no final limit on the return on rate base. The Attorney General simply states that his sharing plan is more than fair to the company's shareholders and recognizes that Michigan Bell should not continue to retain a portion of excess revenues no matter how high the return may climb. The Commission does not agree with the United States, the Attorney General, or MCI.

In advancing their arguments, they fail to distinguish between rates and earnings. In particular, the United States' argument that a cap is necessary to ensure just and reasonable rates misses the point and is counter to one of the goals of this proceeding, i.e., to implement a modified form of regulation that creates incentives for the company. While it is clear that the law requires the Commission to set just and reasonable rates, the earnings level and incentive process are within our discretion. Exercising that discretion, the Commission is of the opinion that if Michigan Bell can increase its efficiency and productivity to reduce its costs and earn a return on equity greater than 13.25% without limitation, ratepayers will benefit because they will receive a substantial portion of the excess earnings. The result will be lower rates for customers than they pay at present.

Placing a cap on earnings, above which all profits must be returned to ratepayers, would create a disincentive for the company. As Michigan Bell persuasively responds, if all earnings above some level are automatically returned to ratepayers, the company would have no incentive to earn above that level. Therefore, ratepayers would not share any earnings above the cap because there undoubtedly would not be any earnings to share. On the other hand, designating a level within a graduated sharing scale above which a larger portion of profits are returned to ratepayers will continue to provide incentive for the company

and allow ratepayers to share in profits. The sharing plan adopted in this order incorporates this element by providing that 75% of earnings in excess of a 17.25% return on equity should be returned to ratepayers and 25% should be retained by the company. The Commission finds that this component of the sharing plan appropriately balances the interests of ratepayers and shareholders while continuing to provide an appropriate incentive for Michigan Bell to earn beyond that level.

Prior to setting forth the sharing plan adopted in this case, we must first address the merits of Michigan Bell's proposal for sharing above the rate of return on net plant rate base, i.e., the overall rate of return. In recommending that a range of return on net plant rate base be used in the sharing plan, Michigan Bell asserts that the Commission has consistently used a net plant rate base return in telephone company rate cases, including every Michigan Bell rate case since 1957.

The Commission finds that Michigan Bell's use of the overall rate of return in its sharing proposal must be rejected for three reasons. First, if we are to do things as they have been done since 1957, there would not be an incentive plan at all. Second, Michigan Bell overlooks the fact that this proceeding is not a rate case and, therefore, its argument is misplaced. Third, the overall rate of return contains a number of components, among which are the interest a company pays on its debt and the return on common equity or profit. As Mr. Celio pointed out on cross-examination, if incentive is provided through a regulatory scheme, it should focus on profit rather than the fixed costs of doing business. We agree with the Staff that the company already has enough incentive to stay in business and to cover its costs of doing business. Therefore, any incentive regulation plan should be based on incentives to enhance profits, not recovery

of fixed costs. Accordingly, the Commission finds that the rate of return on common equity is the appropriate measure to be used in the sharing plan adopted in this order.

The Commission has reviewed all the evidence and arguments and determines that a modified form of regulation that incorporates the following elements is reasonable and in the public interest. Accordingly, any profits computed on a Michigan ratemaking basis, above 13.25% shall be shared for the trial period as follows:

1. Michigan Bell may retain 25% of any earnings reflecting a return on equity before sharing above 13.25% up to 14.25%; 25% shall be shared with ratepayers; and 50% shall be dedicated to construction.
2. Michigan Bell may retain 50% of any earnings reflecting a return on equity before sharing above 14.25% up to 17.25%; 25% shall be shared with ratepayers; and 25% shall be dedicated to construction.
3. Michigan Bell may retain 25% of any earnings before sharing above 17.25%; 75% shall be shared with ratepayers.

The percentage of excess earnings dedicated to construction should be in addition to Michigan Bell's currently budgeted construction expenditures. To administer the construction portion of the profit sharing plan, a benchmark against which the Commission will measure additional construction expenditures is necessary.

In proposing a 50%-50% sharing plan if Michigan Bell spends \$550 million on construction during the year, Mr. Celio testified that the Staff based its figure on Michigan Bell's estimated construction expenditures for the years 1989-1993. As Mr. Celio stated, and the company acknowledged in its reply brief, those estimates were presented in Michigan Bell's depreciation study for its represcription of depreciation rates in Case No. U-9353. Because those

figures are based on company projections embodied in Michigan Bell's application for revised depreciation rates, and the company did not challenge them in this proceeding, the Commission finds that those figures should be used as the benchmark for measuring whether Michigan Bell has met the level of construction expenditures specified in this order. Accordingly, the Commission finds that the normal level of construction for Michigan Bell for 1990 and 1991 should be \$520 million annually.

Having established the benchmark for the construction portion of the profit sharing plan for 1990-1991, a process for spending the additional construction expenditures is necessary. Prior to addressing that process, the Commission wishes to emphasize that additional investment in construction should not be targeted to satisfy the demands of a few large revenue-producing customers. Rather, we agree with the Staff that the enhanced or accelerated construction program should be balanced to recognize economics and customer benefits for all customer classes regardless of geographic location. Additionally, as Michigan Bell points out, most major construction projects are planned and budgeted years in advance. To recognize the time needed for a large construction program as well as the need to produce the broadest benefits, the Commission adopts the following process for administration of this portion of the sharing plan.

Within 30 days of issuance of this order, Michigan Bell shall file with the Commission its anticipated construction expenditures for the years 1990 and 1991. Those expenditures should be provided in sufficient detail to identify central office modernizations and interoffice trunking additions and upgrades by LATA.

Within 90 days of issuance of this order, Michigan Bell shall file with the Commission proposals on how it intends to enhance its construction program to

recognize the availability of additional funds from profit sharing. Those enhancements should be presented in \$6 to \$7 million increments consistent with the sharing plan adopted in this order. Prior to this filing, Michigan Bell is encouraged to initiate informal discussions with the Staff to provide information for the Staff to determine whether the company's proposal is consistent with the Commission's objectives for additional construction. This filing shall also include a reasonably firm time schedule for completion of construction projects.

As to future years' construction, Michigan Bell shall file its budgeted construction program on October 1 of each year, commencing October 1, 1991, for the next year of the trial period. In those filings, the company shall include proposals for enhancing its budgeted program in the event profit sharing occurs. Michigan Bell shall also identify and reconcile any changes in its proposed budgets with the information originally provided for 1992 and 1993 in its depreciation study presented in Case No. U-9353. The filings shall also include the same information required in the company's original filing for 1990 and 1991.

Upon receipt of the construction program enhancement proposals by Michigan Bell, the Commission will provide interested parties an opportunity to comment. However, the Commission emphasizes that it does not intend to permit the notice and comment process to evolve into a contested case proceeding. Following the Commission's review of any comments and absent the Commission's formal rejection of Michigan Bell's proposals, the company may implement its proposals for expenditure of funds available from the profit sharing mechanism adopted in this order.

Because the Commission acknowledges the time constraints associated with enhancing a construction program, Michigan Bell may continue to share in profits

according to the plan adopted in this order throughout the trial period. However, if at the time of the interim or final report, as discussed later in this order, it becomes apparent that Michigan Bell either has not completed the budgeted and enhanced construction, committed funds to complete the enhanced construction, or has not made a good faith effort to complete the budgeted and enhanced construction, the sharing percentages should revert to 90% for ratepayers and 10% for the company. Should sharing revert to 90%-10%, refunds shall be given to local ratepayers. Those refunds should equal the difference between the profit sharing percentages and the 90%-10% percentages. The refunds should bear interest at the rate paid on customer deposits during the duration of the trial period.

To ensure the availability of the necessary funds to make refunds if the sharing percentages revert to 90%-10%, Michigan Bell should establish a regulatory liability account through deferred accounting techniques. When profit sharing occurs annually, Michigan Bell should place an amount equal to the difference in the prescribed sharing percentages and the 90%-10% sharing in that account. In its April 1, 1992 filing, to be discussed later, Michigan Bell should identify that amount, which shall be distributed according to the sharing mechanism. Similarly, in each subsequent year of the trial, the company shall distribute the funds that have accumulated in this account. In short, although the account will continue to exist throughout the trial, payouts shall occur on an annual basis. At the conclusion of the incentive regulation trial plan, the account should be closed in a manner consistent with generally accepted accounting principles and shared as specified in this order.

Several hypotheticals to illustrate our sharing plan may be helpful. Using an excess of 100 basis points, Michigan Bell would have approximately \$25

million in excess earnings during the year. Those earnings would place Michigan Bell's return in the range above 13.25% up to 14.25%. Ratepayers would receive \$6.25 million, the company would keep \$6.25 million, and \$12.5 million would be dedicated to construction. If the company earns in the range above 14.25% up to 17.25%, ratepayers would receive an additional \$6.25 million, the company would keep an additional \$12.5 million, and an additional \$6.25 million would be dedicated to construction. If the company earns more than 17.25%, ratepayers would receive the benefit from 75% of the excess over 17.25%, and the company would receive 25%. No amount would be dedicated to construction. If, however, the company earns \$25 million reflecting a return on equity above 13.25% up to 14.25% in 1991, but it does not reach a construction expense and commitment level of \$532.5 million (\$520 million budgeted for 1991 plus \$12.5 million of excess earnings dedicated to construction), ratepayers' portion of excess earnings would equal \$22.5 million (90%) and the company's portion of excess earnings would equal \$2.5 million (10%).

In summary, the following chart illustrates the sharing scheme adopted in this order. Again, the Commission has used a hypothetical \$25 million in excess earnings.

<u>Range</u>	<u>Ratepayers</u>	<u>Company</u>	<u>Construction</u>
Above 13.25 up to 14.25%	25% 6.25 M	25% 6.25 M	50% 12.5 M
Above 14.25 up to 17.25%	25% 6.25 M	50% 12.5 M	25% 6.25 M
Above 17.25%	75%	25%	-0-

Michigan Bell argues that the Commission cannot condition rate or earnings relief on service or construction levels and cites General Telephone Co. v Public Service Commission, 341 Mich 620; 67 NW2d 882 (1954) in support of its

argument. The company also relies on Union Carbide Corporation v Public Service Commission, 431 Mich 135; 428 NW2d 322 (1988) in arguing that the Commission lacks the statutory authority to manage a regulated company's construction program. However, the Commission finds that these cases are not applicable and that Michigan Bell's arguments are without merit. First, the Commission is not conditioning earnings relief on construction levels, but simply providing an additional incentive for the company to increase those earnings and a level of benefits to ratepayers sufficient to justify an incentive program. Michigan Bell may take advantage of that incentive or accept 90%-10% sharing. Second, the Commission has no intention to manage Michigan Bell's construction program. Although the plan must be consistent with the Commission's objectives for additional construction, Michigan Bell will select the projects it intends to undertake.

As to use of ratepayers' portion of excess earnings, the company submitted three alternatives that have been discussed at length earlier in this order. Although Michigan Bell urges the Commission to adopt one of its alternatives at this time, we must decline. The Commission recognizes that there are many options available for using ratepayers' share of excess earnings. However, we agree with the Staff that locking in a specific proposal at the commencement of the trial plan could result in missing better alternatives that present themselves in the future. Therefore, the Commission neither accepts nor rejects Michigan Bell's alternatives at this time. Rather, as excess earnings are identified each year, specific proposals for ratepayers' share should be presented in the company's annual filings. The Commission emphasizes, however, that it intends that the ratepayers' share will provide a permanent benefit to Michigan Bell's customers. Therefore, the sharing proposals shall include two com-

ponents: (1) a method to return to ratepayers their proportionate share of the company's previous year's excess earnings; and (2) a prospective reduction in local exchange customers' rates by that same amount. Not only will these components result in long-term benefits to local ratepayers, the second component also incorporates a productivity factor to encourage ongoing company efficiency. Finally, in the future, if the Commission adopts a proposal that provides for refunds to local ratepayers, those refunds should bear interest at the rate paid on customer deposits.

Review and Reporting

Michigan Bell and the Staff were the only parties to present proposals for review and reporting requirements.

Mr. Trunk presented the company's reporting proposal to be used to meet the Commission's filing requirement pursuant to its February 7, 1989 order. According to Mr. Trunk, the company proposes to calculate amounts subject to sharing as outlined in Exhibit A-8. He explained that the return basis points by which the earned rate of return exceeds the upper end of the range of rates of return would be multiplied by average net plant to compute the income subject to sharing. The revenue subject to sharing would be determined by then applying a revenue conversion factor.

In addition to the calculation of amounts subject to sharing, Mr. Trunk indicated that the company proposes an accounting plan for each sharing plan proposed. According to Mr. Trunk, the accounting plan set forth in Exhibit A-9 provides a means of tracking the use of the shared dollars. The actual records would be subject to review and audit by the Commission.

Finally, Mr. Trunk suggested a specific reporting period for the trial

plan. He recommended that 1990, 1991, and 1992 be full calendar year reporting periods for the three year incentive regulation proposal. He stated that annual calendar year reporting is administratively convenient and is consistent with past company and Commission practices.

Mr. Geml testified on behalf of the Staff and concurred in Michigan Bell's proposal for the yearly filing requirements necessary to implement the revenue sharing mechanism. Mr. Geml also testified that Michigan Bell's accounting plan proposal is reasonable and could be adopted to provide the accounting necessary for any sharing plan adopted by the Commission. However, because the Staff is not recommending a specific sharing plan for future years at this time, Mr. Geml stated that it would be premature to recommend any specific accounting proposal.

The Commission finds that Michigan Bell's and the Staff's recommended review and reporting procedures will fulfill the yearly filing requirements specified in our February 7, 1989 order. Although Mr. DeWard would have the Commission require subaccount detail report, delineation of contributions and wages, etc., as in a general rate case, we agree with the company and the Staff that Staff review and audit is sufficient to bring any issues of concern to the Commission's attention. Therefore, the Commission finds that, using existing Commission filing requirements, on April 1 of each year of the trial plan, commencing April 1, 1992, Michigan Bell should:

1. Take the applicable calendar year data from its books and records to compute shareable excess earnings amounts, if any, using the following:
 - a. Return on average common equity (intrastate).
 - b. Weighted cost of capital using a 13.25% return on equity and average capital structure.
 - c. Weighted cost of capital using the achieved intrastate return on equity and average capital structure.
 - d. Average net plant rate base (intrastate).

2. Submit proposals regarding how ratepayers' share of excess earnings should be used.
3. Indicate how the company used the portion of excess earnings dedicated to construction during the calendar year.

To facilitate and assist the Commission's review of any shareable excess earnings amount, Michigan Bell should make sufficient information available to permit the Staff to determine the accuracy of its filing.

Because the Commission is not adopting any one sharing plan for ratepayers' share of excess earnings, it is unnecessary to adopt an accounting plan at this time. We agree with the Staff that it would be premature to establish the accounting for a sharing plan that we have not, as yet, adopted.

The Commission recognizes that there may be excess earnings that result from external factors, such as changes in the corporate tax rate, rather than from the company's efforts. On the other hand, there also may be unanticipated events that result in losses to the company. Therefore, the Commission reserves the right to review, in Michigan Bell's annual filings, any factors or events outside the company's control that contribute to, or decrease, earnings.

As to a specific reporting period for the plan, the Commission finds that, because 1990 will be a partial year, it is appropriate to treat the remainder of 1990 and all of 1991 as one full reporting period. Combining these years in this manner will provide a better basis upon which to evaluate the first year of the plan. Additionally, the Commission believes that extending the total length of the trial plan from three years to four years will provide a more accurate basis upon which to evaluate the effectiveness of the entire incentive regulation plan. A four-year trial period can also be used to provide the company with a sufficient period in which to implement efficiencies and to maximize profits to benefit both ratepayers and shareholders. Therefore, 1990-1991, 1992,

1993, and 1994 should be the reporting periods for the four-year incentive regulation plan, which should commence April 1, 1990.

At this point, the Commission indicates that it does not agree with the Attorney General that a hearing should be held on Michigan Bell's yearly filing. MCL 484.103b provides separate methods to achieve flexible regulation and deregulation. MCL 484.103b(2) provides explicitly that deregulation of a service may occur only after a contested case. However, MCL 484.103b(1), governing flexible regulation, provides for a notice and comment process, omitting any reference to a contested case hearing. Therefore, the Commission finds that a notice and comment process on Michigan Bell's yearly filings and its yearly construction plans is sufficient. The Commission nevertheless reserves the right, upon its receipt and review of comments, to hold a hearing. The Commission can either accept, reject, or amend Michigan Bell's proposed distribution of ratepayers' share of excess earnings.

Because the Commission has extended the incentive regulation trial plan period to four years, we find that an interim review of the plan is appropriate. The interim review should provide the Commission the opportunity to determine, based on the progress of the plan, whether it should continue for the remainder of the trial period. A notice and opportunity for comment will also be provided during this review. Accordingly, Michigan Bell should file a review and report of the first two years of the trial on or before July 1, 1992. The trial should be evaluated using the following criteria:

1. Universal service available at affordable rates.
2. High service quality.
3. Michigan Bell's financial health.
4. Review of competition faced by Michigan Bell.
5. Review of the development and expansion of existing and new services.

Finally, upon completion of the four-year trial plan, Michigan Bell should file a full review and report of the trial results for Commission review. The review and report should include evaluation of the trial using the same criteria as the interim review and report.

The Commission FINDS that:

a. Jurisdiction is pursuant to 1913 PA 206, as amended, MCL 484.101 et seq.; 1919 PA 419, as amended, MCL 460.51 et seq.; 1939 PA 3, as amended, MCL 460.1 et seq.; 1969 PA 306, as amended, MCL 24.201 et seq.; and the Commission's Rules of Practice and Procedure, 1979 Administrative Code, R 460.11 et seq.

b. Mr. DeWard's and the United States' requests for reconsideration of stricken testimony should be denied.

c. An overall rate of return of 9.21% and a return on common equity of 13.25% for Michigan Bell are reasonable and appropriate.

d. Michigan Bell should be prohibited from requesting an increase in rates, due to inadequate return, until its financial results produce a rate of return on common equity less than 12.25% for a 12-month period.

e. The initial revenue excess resulting from the change in the authorized rate of return on common equity is \$14,544,709.

f. Using the initial revenue excess for the funding of Michigan Bell's relay system for the hearing- and speech-impaired and lifeline service, on a permanent basis, is reasonable and in the public interest.

g. Using the initial revenue excess for the funding of Michigan Bell's lifeline service results in an additional reduction in revenue of \$4 million per year. As a result, the total revenue reduction is \$18,544,709.

h. Any revenue excess remaining after the funding of the relay system and

lifeline service should be refunded to local ratepayers in the manner described on page 30 of this order.

i. An incentive regulation plan that includes the sharing of profits above the 13.25% authorized rate of return on common equity between ratepayers and investors is in the public interest and should be implemented for Michigan Bell.

j. Using a range of rates of return on common equity as a basis for the profit sharing plan adopted in this order is reasonable and appropriate.

k. A profit sharing plan that dedicates a percentage of excess earnings to construction is reasonable and in the public interest and should be adopted.

l. The profit sharing plan described on pages 42-46 of this order will benefit both ratepayers and Michigan Bell as well as contribute to the economic development of the state, and therefore it should be adopted.

m. Michigan Bell's proposals for distribution of ratepayers' portion of excess earnings in future years should not be adopted at this time. Rather, such proposals should be made in Michigan Bell's annual filings to the Commission when it identifies any excess earnings. Any proposals for use of ratepayers' portion of excess earnings should benefit local ratepayers.

n. Within 30 days of issuance of this order, Michigan Bell should file its anticipated construction expenditures for the years 1990 and 1991 in sufficient detail to identify central office modernizations and interoffice trunking additions and upgrades by LATA.

o. Within 90 days of issuance of this order, Michigan Bell should file with the Commission proposals on how it intends to enhance its construction program for the years 1990 and 1991 to recognize the availability of additional funds from profit sharing.

p. On October 1 of each year, commencing October 1, 1991, Michigan Bell

should file its budgeted construction program for the next year of the trial period. Michigan Bell should include proposals for enhancing its budgeted program should profit sharing occur. Michigan Bell should also identify and reconcile any changes in its proposed budget with the information originally provided for 1992 and 1993 in Case No. U-9353.

q. A notice and opportunity for comment on Michigan Bell's construction plan filings is in the public interest and should be provided.

r. Should Michigan Bell fail to meet the construction expenditure and commitment levels specified in this order, sharing should revert to 90% to ratepayers and 10% to the company.

s. The incentive regulation trial plan should commence April 1, 1990 and be extended to four years, with 1990-1991 being the first year of the plan.

t. An interim review of the incentive regulation trial plan in 1992 to evaluate the effectiveness of the plan is in the public interest.

u. Michigan Bell should file an annual report on April 1 of each year, commencing April 1, 1992, in which it should calculate the amounts subject to sharing as provided on pages 49-50 of this order and submit proposals for the distribution of ratepayers' share of those amounts. A notice and opportunity for comment on Michigan Bell's annual filing is in the public interest and should be provided.

v. On April 1, 1995, Michigan Bell should file a full review and report of the trial results upon completion of the four-year incentive regulation trial plan.

w. All contentions of the parties inconsistent with this order and not specifically addressed or determined are rejected.

THEREFORE, IT IS ORDERED that:

A. The requests of Thomas C. DeWard and the Department of Defense and all other Federal Executive Agencies for reconsideration of stricken testimony are denied.

B. An overall rate of return of 9.21% and a return on common equity of 13.25% shall be implemented for Michigan Bell Telephone Company.

C. During the trial period, Michigan Bell Telephone Company shall be prohibited from requesting an increase in rates, due to inadequate return, until its financial results produce a rate of return on common equity less than 12.25% for a 12-month period.

D. The initial revenue excess of \$14,544,709, resulting from the change in the authorized rate of return on common equity, shall be used to permanently fund Michigan Bell Telephone Company's relay system for the hearing- and speech-impaired, authorized in another order issued today in Case No. U-9117, and lifeline service. Using the initial revenue excess for the funding of lifeline service results in an additional revenue reduction of \$4 million, for a total revenue reduction of \$18,544,709.

E. Any amounts remaining after the funding of the relay system and lifeline service shall be refunded to local ratepayers in the manner described on page 30 of this order.

F. The incentive regulation plan adopted in this order shall be based on a range of rates of return on common equity. Any amounts in excess of a 13.25% rate of return on common equity shall be shared as described on pages 42-46 of this order.

G. Michigan Bell Telephone Company's proposals for using ratepayers' portion of excess earnings shall not be adopted at this time. Such proposals shall

be made in Michigan Bell Telephone Company's annual filings with the Commission and shall indicate how ratepayers' portion of excess earnings will be reflected in local exchange rates.

H. Within 30 days of the issuance of this order, Michigan Bell Telephone Company shall file its anticipated construction expenditures for the years 1990 and 1991 in sufficient detail to identify central office modernization and interoffice trunking additions and upgrades by LATA.

I. Within 90 days of issuance of this order, Michigan Bell Telephone Company shall file with the Commission proposals on how it intends to enhance its construction program for the years 1990 and 1991 to recognize the availability of additional funds from profit sharing.

J. On October 1 of each year, commencing October 1, 1991, Michigan Bell Telephone Company shall file its budgeted construction program for the next year, including proposals for enhancing its budgeted programs should profit sharing occur. Michigan Bell Telephone Company shall also identify and reconcile any changes in its proposed budget with the information originally provided for 1992 and 1993 in Case No. U-9353.

K. A notice and opportunity for comment on Michigan Bell Telephone Company's construction plan filings shall be provided.

L. Should Michigan Bell Telephone Company fail to meet the construction expenditure and construction levels specified in this order, sharing shall revert to 90% to be returned to ratepayers and 10% to be retained by the company.

M. The incentive regulation trial plan shall commence April 1, 1990 and be extended to a four-year plan for 1990-1991, 1992, 1993, and 1994.

N. Michigan Bell Telephone Company shall file an annual report on April 1 of each year, commencing April 1, 1992, in which it shall calculate the amounts

subject to sharing, if any, as provided on pages 49-50 of this order, and submit proposals for the use of ratepayers portion of excess earnings. A notice and opportunity for comment on the annual filings shall be provided.

O. Michigan Bell Telephone Company shall file an interim review and report on July 1, 1992 evaluating the first two years of the trial using the criteria set forth on page 51 of this order.

P. Upon completion of the trial, Michigan Bell Telephone Company shall file a full review and report on April 1, 1995 for Commission review, using the criteria set forth on page 51 of this order.

The Commission specifically reserves jurisdiction of the matters herein contained and the authority to issue such further order or orders as the facts and circumstances may require.

Any party desiring to appeal this order must perfect an appeal to the appropriate court within 30 days after issuance and notice of this order, pursuant to MCL 462.26.

MICHIGAN PUBLIC SERVICE COMMISSION

(S E A L)

/s/ William E. Long
Chairperson

By the Commission and pursuant to
its action of March 13, 1990.

/s/ Steven M. Fetter
Commissioner

/s/ Dorothy Wideman
Its Executive Secretary

/s/ Ronald E. Russell
Commissioner

STATE OF MICHIGAN
BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

* * * * *

An inquiry, on the Commission's own motion,)
into the establishment and operation of a)
statewide telecommunications relay system for)
persons who are hearing- and speech-impaired.)
_____)

Case No. U-9117

At the December 5, 1991 meeting of the Michigan Public Service Commission in Lansing,
Michigan.

PRESENT: Hon. Steven M. Fetter, Chairman
Hon. Ronald E. Russell, Commissioner
Hon. John L. O'Donnell, Commissioner

ORDER APPROVING MOTION

On October 25, 1991, Michigan Bell Telephone Company (Michigan Bell) filed a motion and proposed tariff sheets for approval to revise its Tariff M.P.S.C. No. 2 as it pertains to Dual Party Relay Service to permit use of the Michigan Relay Center to originate interstate calls.

Michigan Bell proposes to expand the service of the Michigan Relay Center in order to allow the origination of interstate calling from within the state of Michigan. On March 13, 1990, the Commission issued an order in this proceeding providing that a single statewide relay system should be established within 18 months to provide access to the state's switched telecommunications network for hearing- and speech-impaired persons in an economic manner. Further, the order stated that the "system should handle only intrastate calls at

present, but should be designed with a view to expansion when interstate calls become possible."

On May 29, 1991, Michigan Bell, on behalf of all local exchange carriers in the state, began providing intrastate telecommunications relay services for the hearing- and speech-impaired through the Michigan Relay Center. Michigan Bell states that the Michigan Relay Center was designed to handle interstate as well as intrastate calls. After consultation with the Advisory Board appointed by the Commission, GTE North Incorporated, the Telephone Association of Michigan, and representatives of the hearing- and speech-impaired community, Michigan Bell believes that a significant need exists today for residents of Michigan to be able to place interstate calls through the Michigan Relay Center.

Michigan Bell proposes to implement this service within 30 days after the date of a Commission order approving this request.

Michigan Bell further represents that allowing the Michigan Relay Center to handle interstate calls originating in the state will not increase the cost of service to Michigan ratepayers.

After review of the motion, the Commission finds that ex parte approval is appropriate. The proposal is just, reasonable, and in the public interest.

The Commission FINDS that:

a. Jurisdiction is pursuant to 1913 PA 206, as amended, MCL 484.101 et seq.; 1919 PA 419, as amended, MCL 460.51 et seq.; 1939 PA 3, as amended, MCL 460.1 et seq.; 1969 PA 306, as amended, MCL 24.201 et seq.; and the Commission's Rules of Practice and Procedure, 1979 Administrative Code, R 460.11 et seq.

b. The proposal of Michigan Bell is just, reasonable, and in the public interest.

c. Ex parte approval is appropriate.

THEREFORE, IT IS ORDERED that:

A. Michigan Bell Telephone Company and all other local exchange carriers shall revise their Tariffs M.P.S.C. No. 2 to permit use of the Michigan Relay Center to originate interstate calling from within the state of Michigan.

B. Michigan Bell Telephone Company and all other local exchange carriers shall, within 30 days, prepare and submit to the Commission for approval and filing Tariff M.P.S.C. No. 2 sheets in substantially the same form as Exhibit A-1 attached to this order or concurrences in the tariff of Michigan Bell Telephone Company.

The Commission reserves jurisdiction and may issue further orders as necessary.

Any party desiring to appeal this order must do so in the appropriate court within 30 days after issuance and notice of this order, pursuant to MCL 462.26.

MICHIGAN PUBLIC SERVICE COMMISSION

(S E A L)

/s/ Steven M. Fetter
Chairman

By its action of December 5, 1991.

/s/ Ronald E. Russell
Commissioner

/s/ Dorothy Wideman
Its Executive Secretary

/s/ John L. O'Donnell
Commissioner

AUXILIARY SERVICES AND EQUIPMENT
CENTRAL OFFICE SERVICES

EXHIBIT A-1

DUAL PARTY RELAY SERVICE

A. DESCRIPTION

1. Dual Party Relay Service (DPRS) is a statewide telecommunications relay system that enables hearing or speech-impaired persons using TDDs or similar devices to communicate freely with the hearing population not using TDDs and vice versa.
2. Using a TDD, a hearing- or speech-impaired person can complete a call to a hearing person by dialing an 800 telephone number to access the relay center. A relay center attendant receives the TDD call and then places a voice call to the hearing party. The attendant relays the typed TDD message by voice to the hearing party and then relays the hearing party's voice message into a typed format back to the hearing- or speech-impaired person's TDD. Or in the reverse, a hearing person could call the relay center to have their voice message relayed to a hearing- or speech- impaired person via the relay center attendant.
3. DPRS provides service on a 24 hour per day, seven days per week basis.

B. REGULATIONS

1. Regulations specified elsewhere in the Company's tariffs apply to DPRS.
2. The Company is not liable for damages caused by the relay system or for errors in messages except in cases where specific call charges apply. In no event shall the Company be liable for any such error beyond the amount of such charge.
3. All calls handled by the relay center must be originated in Michigan. "900" and "976" or other recorded message calls will not be permitted through the relay center. (C)
4. Either the calling or called party must be placing a call from or to a TDD or similar device.

C. CHARGES

1. Calls through DPRS are rated and billed as if made directly from the originating number to the terminating number (as if they had not been placed through the center).
2. All calls placed from a coin telephone must be billed collect, to a calling card, credit card or to a third number.
3. Special discounts as specified in Tariff M.P.S.C. No. 3, Part II, Sheet 2, do not apply for toll calls placed through DPRS.

MICHIGAN TELECOMMUNICATIONS ACT
Act 179 of 1991

AN ACT to regulate and insure the availability of certain telecommunication services; to prescribe the powers and duties of certain state agencies and officials; to prescribe penalties; and to repeal acts and parts of acts.

History: 1991, Act 179, Eff. Jan. 1, 1992;—Am. 2008, Act 52, Imd. Eff. Mar. 28, 2008.

The People of the State of Michigan enact:

ARTICLE 1
GENERAL PROVISIONS

484.2101 Short title; purpose.

Sec. 101. (1) This act shall be known and may be cited as the "Michigan telecommunications act".

(2) The purpose of this act is to do all of the following:

(a) Ensure that every person has access to just, reasonable, and affordable basic residential telecommunication service.

(b) Allow and encourage competition to determine the availability, prices, terms, and other conditions of providing telecommunication services.

(c) Encourage the introduction of new services, the entry of new providers, the development of new technologies, and increase investment in the telecommunication infrastructure in this state through incentives to providers to offer the most efficient services and products.

(d) Improve the opportunities for economic development and the delivery of essential services including education and health care.

(e) Encourage the use of existing educational telecommunication networks and networks established by other commercial providers as building blocks for a cooperative and efficient statewide educational telecommunication system.

(f) Ensure effective and timely review and disposition of disputes between telecommunication providers.

(g) Authorize actions to encourage the development of a competitive telecommunication industry.

History: 1991, Act 179, Eff. Jan. 1, 1992;—Am. 1995, Act 216, Imd. Eff. Nov. 30, 1995;—Am. 2000, Act 295, Imd. Eff. July 17, 2000;—Am. 2005, Act 235, Imd. Eff. Nov. 22, 2005;—Am. 2011, Act 58, Imd. Eff. June 14, 2011.

484.2102 Definitions.

Sec. 102. As used in this act:

(a) "Access service" means access to a local exchange network for the purpose of enabling a provider to originate or terminate telecommunication services within the local exchange. Except for end-user common line services, access service does not include access service to a person who is not a provider.

(b) "Basic local exchange service" or "local exchange service" means the provision of an access line and usage within a local calling area for the transmission of high-quality 2-way interactive switched voice or data communication.

(c) "Broadband service" means a retail service capable of transmitting data over an access line at a rate greater than 200 kilobits per second.

(d) "Cable service" means 1-way transmission to subscribers of video programming or other programming services and subscriber interaction for the selection of video programming or other programming services.

(e) "Commission" means the Michigan public service commission.

(f) "Contested case" or "case" means a proceeding as defined in section 3 of the administrative procedures act of 1969, 1969 PA 306, MCL 24.203.

(g) "Educational institution" means a public educational institution or a private non-profit educational institution approved by the department of education to provide a program of primary, secondary, or higher education, a public library, or a nonprofit association or consortium whose primary purpose is education. A nonprofit association or consortium under this subdivision shall consist of 2 or more of the following:

(i) Public educational institutions.

(ii) Nonprofit educational institutions approved by the department of education.

(iii) The state board of education.

(iv) Telecommunication providers.

(v) A nonprofit association of educational institutions or consortium of educational institutions.

(h) "End user" means the retail subscriber of a telecommunication service.

(i) "Energy management services" means a service of a public utility providing electric power, heat, or light for energy use management, energy use control, energy use information, and energy use communication.

(j) "Exchange" means 1 or more contiguous central offices and all associated facilities within a geographical area in which basic local exchange service is offered by a provider.

(k) "Information services" or "enhanced services" means the offering of a capability for generating, acquiring, storing, transforming, processing, retrieving, utilizing, or making available information, including energy management services, that is conveyed by telecommunications. Information services or enhanced services do not include the use of that capability for the management, control, or operation of a telecommunications system or the management of a telecommunications service.

(l) "Interconnection" means the technical arrangements and other elements necessary to permit the connection between the switched networks of 2 or more providers to enable a telecommunication service originating on the network of 1 provider to terminate on the network of another provider.

(m) "License" means a license issued under this act.

(n) "Line" or "access line" means the medium over which a telecommunication user connects into the local exchange.

(o) "Local calling area" means a geographic area encompassing 1 or more local communities as described in maps, tariffs, or rate schedules filed with and approved by the commission.

(p) "Local directory assistance" means the provision by telephone of a listed telephone number within the caller's area code.

(q) "Local exchange rate" means the monthly and usage rate, including all necessary and attendant charges, imposed for basic local exchange service to customers.

(r) "Loop" means the transmission facility between the network interface on a subscriber's premises and the main distribution frame in the servicing central office.

(s) "Operator service" means a telecommunication service that includes automatic or live assistance to a person to arrange for completion and billing of a telephone call originating within this state that is specified by the caller through a method other than 1 of the following:

(i) Automatic completion with billing to the telephone from which the call originated.

(ii) Completion through an access code or a proprietary account number used by the person, with billing to an account previously established with the provider by the person.

(iii) Completion in association with directory assistance services.

(t) "Operator service provider" or "OSP" means a provider of operator service.

(u) "Payphone service" means a telephone call provided from a public, semipublic, or individually owned and operated telephone that is available to the public and is accessed by the depositing of coin or currency or by other means of payment at the time the call is made.

(v) "Person" means an individual, corporation, partnership, association, governmental entity, or any other legal entity.

(w) "Person with disabilities" means an individual who has 1 or more of the following physical characteristics:

(i) Blindness.

(ii) Inability to ambulate more than 200 feet without having to stop and rest during any time of the year.

(iii) Loss of use of 1 or both legs or feet.

(iv) Inability to ambulate without the prolonged use of a wheelchair, walker, crutches, braces, or other device required to aid mobility.

(v) A lung disease from which the individual's expiratory volume for 1 second, when measured by spirometry, is less than 1 liter, or from which the individual's arterial oxygen tension is less than 60 mm/hg of room air at rest.

(vi) A cardiovascular disease from which the individual measures between 3 and 4 on the New York heart classification scale, or from which a marked limitation of physical activity causes fatigue, palpitation, dyspnea, or anginal pain.

(vii) Other diagnosed disease or disorder including, but not limited to, severe arthritis or a neurological or orthopedic impairment that creates a severe mobility limitation.

(x) "Port", except for the loop, means the entirety of local exchange, including dial tone, a telephone number, switching software, local calling, and access to directory assistance, a white pages listing, operator services, and interexchange and intra-LATA toll carriers.

(y) "Public safety system" means a communication system operated by a public entity to provide emergency police, fire, medical, and other first responder services. Public safety system includes the Michigan state police communication system.

(z) "Reasonable rate" or "just and reasonable rate" means a rate that is not inadequate, excessive, or

unreasonably discriminatory.

(aa) "Residential customer" means a person to whom telecommunication services are furnished predominantly for personal or domestic purposes at the person's dwelling.

(bb) "Special access" means the provision of access service, other than switched access service, to a local exchange network for the purpose of enabling a provider to originate or terminate telecommunication service within the exchange, including the use of local private lines.

(cc) "State institution of higher education" means an institution of higher education described in sections 4, 5, and 6 of article VIII of the state constitution of 1963.

(dd) "Telecommunications act of 1996" means Public Law 104-104.

(ee) "Telecommunication provider" or "provider" means a person that for compensation provides 1 or more telecommunication services. Telecommunication provider does not include a provider of commercial mobile service as defined in section 332(d)(1) of the telecommunications act of 1996, 47 USC 332.

(ff) "Telecommunication services" or "services" includes regulated and unregulated services offered to customers for the transmission of 2-way interactive communication and associated usage. A telecommunication service is not a public utility service.

(gg) "Toll service" means the transmission of 2-way interactive switched communication between local calling areas. Toll service does not include individually negotiated contracts for similar telecommunication services or wide area telecommunications service.

(hh) "Total service long run incremental cost" means, given current service demand, including associated costs of every component necessary to provide the service, 1 of the following:

(i) The total forward-looking cost of a telecommunication service, relevant group of services, or basic network component, using current least cost technology that would be required if the provider had never offered the service.

(ii) The total cost that the provider would incur if the provider were to initially offer the service, group of services, or basic network component.

(ii) "Wide area telecommunications service" or "WATS" means the transmission of 2-way interactive switched communication over a dedicated access line.

History: 1991, Act 179, Eff. Jan. 1, 1992;—Am. 1995, Act 216, Imd. Eff. Nov. 30, 1995;—Am. 1998, Act 41, Imd. Eff. Mar. 18, 1998;—Am. 2005, Act 235, Imd. Eff. Nov. 22, 2005;—Am. 2011, Act 58, Imd. Eff. June 14, 2011.

***** 484.2103 Subsections (2) and (3) do not apply after the commission issues its annual report under subsection (2) in 2013 *****

484.2103 Construction of act; report on status of competition in telecommunication services; submission of information; applicability of subsections (2) and (3).

Sec. 103. (1) Except as otherwise provided in this act, this act shall not be construed to prevent any person from providing telecommunication services in competition with another telecommunication provider.

(2) The commission shall submit an annual report describing the status of competition in telecommunication services in this state, including, but not limited to, the toll and local exchange service markets in this state. The report required under this section shall be submitted to the governor and the house and senate standing committees with oversight of telecommunication issues.

(3) A provider shall submit to the commission all information requested by the commission necessary for the preparation of the annual report under this section.

(4) Subsections (2) and (3) do not apply after the commission issues its annual report under subsection (2) in 2013.

History: 1991, Act 179, Eff. Jan. 1, 1992;—Am. 2000, Act 295, Imd. Eff. July 17, 2000;—Am. 2005, Act 235, Imd. Eff. Nov. 22, 2005;—Am. 2011, Act 58, Imd. Eff. June 14, 2011.

ARTICLE 2

MICHIGAN PUBLIC SERVICE COMMISSION

484.2201 Jurisdiction; authority; administration of act; consistency with federal laws, rules, orders, and regulations.

Sec. 201. (1) Except as otherwise provided by this act or federal law, the commission has the jurisdiction and authority to administer this act and all federal telecommunications laws, rules, orders, and regulations that are delegated to the state, including, but not limited to, the authority to arbitrate and enforce interconnection agreements and to establish rates in accordance with the standards set forth by applicable law.

(2) The commission shall exercise its jurisdiction and authority consistent with this act and all federal

telecommunications laws, rules, orders, and regulations.

History: 1991, Act 179, Eff. Jan. 1, 1992;—Am. 2000, Act 295, Imd. Eff. July 17, 2000;—Am. 2005, Act 235, Imd. Eff. Nov. 22, 2005;—Am. 2011, Act 58, Imd. Eff. June 14, 2011.

484.2202 Additional powers and duties; enforcement of rules; electronic filings; promulgation of new rules.

Sec. 202. (1) In addition to the other powers and duties prescribed by this act, the commission shall do all of the following:

(a) Establish by order the manner and form in which telecommunication providers of regulated services within the state keep accounts, books of accounts, and records in order to determine the total service long-run incremental cost requirements of this act of providing a service. The commission requirements under this subdivision shall be consistent with any regulations covering the same subject matter made by the federal communications commission.

(b) Except as otherwise provided in this subdivision, require by order that a provider of a regulated service, including access service, make available for public inspection and file with the commission a schedule of the provider's rates, services, and conditions of service, including access service provided by contract. Except for access service, a provider is exempt from any commission order requiring that provider to file with the commission its rates, services, and conditions of regulated service if the provider files a certification with the commission opting out of the filing requirement. A certification under this subdivision shall be signed by an officer of the provider.

(c) Promulgate rules under section 213 to establish and enforce quality standards for all of the following:

(i) The provision of basic local exchange service to end users.

(ii) The provision of unbundled network elements and local interconnection services to providers that are used in the provision of basic local exchange service.

(iii) The timely and complete transfer of an end user from 1 provider of basic local exchange service to another provider.

(iv) Providers of basic local exchange service that cease to provide the service to any segment of end users or geographic area, go out of business, or withdraw from the state, including the transfer of customers to other providers and the reclaiming of unused telephone numbers.

(2) Rules promulgated under subsection (1)(c) shall include remedies for the enforcement of the rules that are consistent with this act and federal law. Rules promulgated under subsection (1)(c)(ii) shall not apply to the provision of unbundled network elements and local interconnection services subject to quality standards in an interconnection agreement approved by the commission. In promulgating any rules under subsection (1)(c), the commission shall consider to what extent current market conditions are sufficient to provide adequate service quality to basic local exchange service end users. Any service quality rules promulgated by the commission shall expire within 3 years of the effective date of the rules. The commission may, before the expiration of the rules, promulgate new rules under subsection (1)(c). However, the commission may promulgate new rules under subsection (1)(c)(iii) at any time. Any service quality rules promulgated by the commission under subsection (1)(c)(i) and any retail service quality rules promulgated before January 1, 2006 shall expire on June 30, 2011.

(3) The commission shall permit the electronic filing of any pleadings, tariffs, or any other document required or allowed to be filed with the commission under this act.

History: 1991, Act 179, Eff. Jan. 1, 1992;—Am. 1995, Act 216, Imd. Eff. Nov. 30, 1995;—Am. 2005, Act 235, Imd. Eff. Nov. 22, 2005;—Am. 2011, Act 58, Imd. Eff. June 14, 2011.

Administrative rules: R 484.401 et seq. of the Michigan Administrative Code.

484.2203 Commencement of case; filing; emergency relief order; burden of proof; investigation; hearings; judicial review; continuation of service; posting security; alternative dispute process; additional relief; motion for stay.

Sec. 203. (1) Upon receipt of an application or complaint filed under this act, or on its own motion, the commission may conduct an investigation, hold hearings, and issue its findings and order under the contested hearings provisions of the administrative procedures act of 1969, 1969 PA 306, MCL 24.201 to 24.328.

(2) If a complaint filed under this section alleges facts that warrant emergency relief, the complainant may request an emergency relief order. On the date of filing, the complaint and request for emergency relief shall be hand-delivered to the respondent at its principal place of business in Michigan. The commission shall allow 5 business days for a filing in response to the request for emergency relief. The commission shall review the complaint, the request for emergency relief, the response, and all supporting materials and determine whether to deny the request for emergency relief or to conduct an initial evidentiary hearing. The

initial evidentiary hearing shall be conducted within 5 business days from the date of the notice of hearing and the commission shall issue an order granting or denying the request for emergency relief. An order for emergency relief may require a party to act or refrain from action to protect competition. Any action required by an order for emergency relief shall be technically feasible and economically reasonable and the respondent shall be given a reasonable period of time to comply with the order. At the hearing for emergency relief, the respondent has the burden of showing that the order is not technically feasible and not economically reasonable. If the commission finds that extraordinary circumstances exist that warrant expedited review before the commission's issuance of a final order, it shall set a schedule providing for the issuance of a partial final order as to all or part of the issues for which emergency relief was granted within 90 days of the issuance of the emergency relief order.

(3) An order for emergency relief may be granted under subsection (2) if the commission finds all of the following:

(a) That the party has demonstrated exigent circumstances that warrant emergency relief.

(b) That the party seeking relief will likely succeed on the merits.

(c) That the party will suffer irreparable harm in its ability to serve customers if emergency relief is not granted.

(d) That the order is not adverse to the public interest.

(4) The commission may require the complainant to post a bond in an amount sufficient to make whole the respondent in the event that the order for emergency relief is later found to have been erroneously granted.

(5) An order for emergency relief shall expire upon the sooner of any of the following:

(a) Ninety days after its issuance.

(b) Issuance of the commission's partial final order.

(c) An earlier date set by the commission. Notwithstanding this subsection, the commission may extend the emergency relief order to a date no later than the date on which the final order in the proceeding is issued.

(6) An order granting or denying emergency relief under subsection (2) shall be subject to immediate review in the court of appeals as a matter of right by the party aggrieved. The review shall be de novo and shall comply with Michigan court rule 7.211(c)(6). The court may stay an order granting emergency relief upon the posting of a bond or other security in an amount and on terms set by the court. Regardless of whether an appeal is made under this subsection, the commission shall proceed with the case and issue a final order as otherwise required under this section.

(7) An application or complaint filed under this section shall contain all information, testimony, exhibits, or other documents and information within the person's possession on which the person intends to rely to support the application or complaint. Applications or complaints that do not meet the requirements of this subsection shall be dismissed or suspended pending the receipt by the commission of the required information. If the complainant or applicant requires information in the possession of the respondent, not within the complainant's or applicant's possession, the commission may allow a reasonable opportunity for discovery to allow the complainant or applicant to provide all relevant information, testimony, exhibits, or other documents on which the complainant or applicant intends to rely to support its application or complaint.

(8) The burden of proving a case filed under this act is with the party filing the application or complaint.

(9) In a contested case under this section, the commission can administer oaths, certify all official acts, and compel the attendance of witnesses and the production of papers, books, accounts, documents, and testimony.

(10) Except as otherwise provided in this section, the commission shall issue a final order in a case filed under this section within 90 days from the date the application or complaint is filed.

(11) Except as provided for a hearing involving a request for emergency relief, if a hearing is required, the applicant or complainant shall publish a notice of hearing as required by the commission within 7 days of the date the application or complaint was filed or as required by the commission. The first hearing shall be held within 10 days after the date of the notice. If a hearing is held, the commission shall have 180 days from the date the application or complaint was filed to issue its final order. If the principal parties of record agree that the complexity of issues involved requires additional time, the commission may have up to 210 days from the date the application or complaint was filed to issue its final order. If the application or complaint is subject to section 203a, the commission shall have an additional 60 days to issue its final order.

(12) An order of the commission under this act is subject to appellate review as of right in the court of appeals. The appeal shall be initiated by the filing of a claim of appeal with the court of appeals within 30 days of the issuance of an order or within 30 days of an order issued on a petition for rehearing of an order.

(13) If a complaint is filed under this section by a provider against another provider, the provider of service shall not discontinue service during the period of the contested case, including the alternative dispute process, if the provider receiving the service has posted a surety bond, provided an irrevocable letter of credit, or provided other adequate security in an amount and on a form as determined by the commission.

(14) Except if there is a request for emergency relief under this section, if the complaint filed under this section involves an interconnection dispute between providers, the commission shall require the parties to utilize the alternative dispute process under section 203a.

(15) In addition to any other relief provided by this act, the commission or a party may seek to compel compliance with a commission order by proceedings in mandamus, injunction, or by other appropriate civil remedies in the circuit court or other court of proper jurisdiction.

(16) Upon the filing of a motion for stay, the commission may, on terms as it considers just, stay the effect or enforcement of an order, except an order regarding rates or cost studies. A motion for stay, including a request for setting the amount of any appeal bond, are governed by the provisions for obtaining a stay of a civil action set forth in R 7.209 of the Michigan court rules. The commission shall decide a motion for stay within 10 days from the date the motion is filed with the commission.

History: 1991, Act 179, Eff. Jan. 1, 1992;—Am. 1995, Act 216, Imd. Eff. Nov. 30, 1995;—Am. 2000, Act 295, Imd. Eff. July 17, 2000;—Am. 2005, Act 235, Imd. Eff. Nov. 22, 2005.

484.2203a Resolution of complaint by alternative means.

Sec. 203a. (1) For all complaints involving a dispute of \$1,000.00 or less, a dispute under section 203(14), or upon the consent of all parties after the complaint is filed, for a period of 60 days after the date the complaint is filed under section 203, the parties shall attempt alternative means of resolving the complaint.

(2) Any alternative means that will result in a recommended settlement may be used that is agreed to by the principal parties of record, including, but not limited to, settlement conferences, mediation, and other informal dispute resolution methods. If the parties cannot agree on an alternative means within 10 days after the date the complaint is filed, the commission shall order mediation. Within the 60-day period required under subsection (1), a recommended settlement shall be made to the parties.

(3) Within 7 days after the date of the recommended settlement, each party shall file with the commission a written acceptance or rejection of the recommended settlement. If the parties accept the recommendation, then the recommendation shall become the final order in the contested case under section 203.

(4) If a party rejects or fails to respond within 7 days to the recommended settlement, then the application or complaint shall proceed to a contested case hearing under section 203.

(5) The party that rejects the recommended settlement shall pay the opposing party's actual costs of proceeding to a contested case hearing, including attorney fees, unless the final order of the commission is more favorable to the rejecting party than the recommended settlement under this section. A final order is considered more favorable if it differs by 10% or more from the recommended settlement in favor of the rejecting party.

(6) If the recommendation is not accepted under subsection (3), the individual commissioners shall not be informed of the recommended settlement until they have issued their final order under section 203.

(7) An attempt to resolve a contested case under this section is exempt from the requirements of section 203 and the administrative procedures act of 1969, 1969 PA 306, MCL 24.201 to 24.328.

History: Add. 1995, Act 216, Imd. Eff. Nov. 30, 1995;—Am. 2000, Act 295, Imd. Eff. July 17, 2000;—Am. 2005, Act 235, Imd. Eff. Nov. 22, 2005.

484.2204 Disagreement between telecommunication providers; application for resolution.

Sec. 204. If 2 or more telecommunication providers are unable to agree on a matter relating to a regulated telecommunication service or a matter prohibited by section 305, then either telecommunication provider may file with the commission an application for resolution of the matter.

History: 1991, Act 179, Eff. Jan. 1, 1992;—Am. 2005, Act 235, Imd. Eff. Nov. 22, 2005.

484.2205 Investigation and resolution of service complaints.

Sec. 205. The commission may investigate and resolve complaints under this act. The penalties under this act shall not be imposed for a violation that occurred more than 2 years before the date the complaint was filed.

History: 1991, Act 179, Eff. Jan. 1, 1992;—Am. 1995, Act 216, Imd. Eff. Nov. 30, 1995;—Am. 2005, Act 235, Imd. Eff. Nov. 22, 2005;—Am. 2011, Act 58, Imd. Eff. June 14, 2011.

484.2206 Repealed. 1995, Act 216, Imd. Eff. Nov. 30, 1995.

Compiler's note: The repealed section pertained to new telecommunication service.

484.2207 Repealed. 2005, Act 235, Imd. Eff. Nov. 22, 2005.

Compiler's note: The repealed section pertained to directory assistance service rates and quality of service.

484.2207a Repealed. 1995, Act 216, Imd. Eff. Nov. 30, 1995.

Compiler's note: The repealed section pertained to coin-operated telephones, direct-inward dialing, and touch-tone service.

484.2208 Repealed. 2005, Act 235, Imd. Eff. Nov. 22, 2005.

Compiler's note: The repealed section pertained to classification of service within competitive market.

484.2209 Awarding costs to prevailing party where frivolous position taken in proceeding; "frivolous" and "prevailing party" defined.

Sec. 209. (1) If the commission finds that a party's position in a proceeding under this act was frivolous, the commission shall award to the prevailing party the costs, including reasonable attorney fees, against the nonprevailing party and their attorney.

(2) As used in this section:

(a) "Frivolous" means that at least 1 of the following conditions is met:

(i) The party's primary purpose in initiating the proceeding or asserting the defense was to harass, embarrass, or injure the prevailing party.

(ii) The party had no reasonable basis to believe that the facts underlying that party's legal position were true.

(iii) The party's legal position was devoid of arguable legal merit.

(b) "Frivolous" does not mean a complaint filed to challenge a rate alteration increase for basic local service if the complaint has been reviewed by the commission and has not been dismissed by the commission pursuant to section 203(2).

(c) "Prevailing party" means a party who wins in the proceeding.

History: 1991, Act 179, Eff. Jan. 1, 1992.

484.2210 Trade secrets and commercial or financial information; exemption from freedom of information act; protective order; confidentiality; presumption; information regarding settlement.

Sec. 210. (1) Except under the terms of a mandatory protective order, trade secrets and commercial or financial information submitted under this act are exempt from the freedom of information act, 1976 PA 442, MCL 15.231 to 15.246.

(2) If information is disclosed under a mandatory protective order, then the information may be included in the commission's evidentiary record if admissible, but shall remain confidential.

(3) There is a rebuttable presumption that cost studies, customer usage data, marketing studies, and contracts between providers are trade secrets or commercial or financial information protected under subsection (1). The burden of removing the presumption under this subsection is with the party seeking to have the information disclosed.

(4) Information regarding settlement, including a recommended settlement issued by a mediator in a proceeding, shall be disclosed only to the parties to the proceeding unless all parties consent to disclosure. A mediator's recommended settlement may be disclosed to the commission after the commission has issued a final order. The administrative law judge assigned to any contested case proceeding arising from a mediation shall not be made aware of the acceptance or rejection by the parties of the recommended settlement, or the terms of the recommended settlement. The parties to the mediation shall not disclose or reveal the terms of the recommended settlement to anyone other than the parties to the mediation.

History: 1991, Act 179, Eff. Jan. 1, 1992;—Am. 1995, Act 216, Imd. Eff. Nov. 30, 1995;—Am. 2005, Act 235, Imd. Eff. Nov. 22, 2005;—Am. 2011, Act 58, Imd. Eff. June 14, 2011.

484.2211 Assessment.

Sec. 211. Each telecommunication provider of a regulated service in this state shall pay an assessment in an amount equal to the expenses of the commission pursuant to Act No. 299 of the Public Acts of 1972, being sections 460.111 to 460.120 of the Michigan Compiled Laws.

History: 1991, Act 179, Eff. Jan. 1, 1992.

484.2211a New or emerging technology; registration; information.

Sec. 211a. A provider of any telecommunication service utilizing a new or emerging technology shall register with the commission. The registration shall include all of the following information:

(a) The name of the provider.

(b) A description of the services provided.

(c) The address and telephone number of the provider's principal office.

(d) The address and telephone number of the provider's registered agent authorized to receive service in this state.

(e) Any other information the commission considers necessary.

History: Add. 2005, Act 235, Imd. Eff. Nov. 22, 2005.

484.2212 Repealed. 1995, Act 216, Imd. Eff. Nov. 30, 1995.

Compiler's note: The repealed section pertained to complaints, investigations, examinations, and proceedings pending as of January 1, 1992.

484.2213 Rules; rescission of certain rules.

Sec. 213. (1) Subject to section 201 and limited to its specific authority over a service as provided under this act, the commission may promulgate rules under the administrative procedures act of 1969, 1969 PA 306, MCL 24.201 to 24.328.

(2) A proceeding before the commission to promulgate rules under this act shall be concluded within 180 days from the date that the proceeding is initiated.

(3) The following administrative rules are rescinded:

(a) Privacy standards for telecommunication services, R 484.201 to R 484.208 of the Michigan administrative code.

(b) Billing standards for basic residential telecommunication service, R 484.301 to R 484.386 of the Michigan administrative code.

(c) Telecommunications service quality, R 484.519 to R 484.571 of the Michigan administrative code.

History: 1991, Act 179, Eff. Jan. 1, 1992;—Am. 1995, Act 216, Imd. Eff. Nov. 30, 1995;—Am. 2000, Act 295, Imd. Eff. July 17, 2000;—Am. 2004, Act 591, Imd. Eff. Jan. 4, 2005;—Am. 2005, Act 235, Imd. Eff. Nov. 22, 2005;—Am. 2011, Act 58, Imd. Eff. June 14, 2011.

Compiler's note: In separate opinions, the Michigan Supreme Court held that Section 45(8), (9), (10), and (12) and the second sentence of Section 46(1) ("An agency shall not file a rule ... until at least 10 days after the date of the certificate of approval by the committee or after the legislature adopts a concurrent resolution approving the rule.") of the Administrative Procedures Act of 1969, in providing for the Legislature's reservation of authority to approve or disapprove rules proposed by executive branch agencies, did not comply with the enactment and presentment requirements of Const 1963, Art 4, and violated the separation of powers provision of Const 1963, Art 3, and, therefore, were unconstitutional. These specified portions were declared to be severable with the remaining portions remaining effective. Blank v Department of Corrections, 462 Mich 103 (2000).

Administrative rules: R 484.401 et seq. of the Michigan Administrative Code.

484.2214 Community resource information and referral entity; designation as 2-1-1 answering point; designation as 2-1-1 coordinating agency.

Sec. 214. (1) The commission shall issue orders that assign the telephone digits 2-1-1 to community resource information and referral answering points established under subsection (3) and prescribe appropriate interconnection orders to carry out the intent of this section.

(2) Each provider of basic local exchange service in this state shall assign the telephone number 2-1-1 only to a community resource information and referral answering point established under subsection (3).

(3) The commission shall designate a community resource information and referral entity to be the 2-1-1 answering point for various geographical areas within this state. In making its determination, the commission shall consider all of the following:

(a) The recommendations of Michigan 2-1-1, inc.

(b) Whether the relevant state-endorsed community collaborative bodies are in agreement.

(c) Whether the entity has established a framework to assure the provision of coverage of the 2-1-1 telephone number 24 hours per day, 7 days per week.

(d) Whether the entity meets 2-1-1 standards adopted by the Michigan alliance for information and referral systems.

(4) Each community resource information and referral entity designated by the commission to be the 2-1-1 answering point for a particular geographical area within the state shall establish the framework to provide sufficient resources to operate the 2-1-1 telephone number 24 hours per day, 7 days per week.

(5) Not later than April 1, 2006, the commission shall designate an entity to serve as the state 2-1-1 coordinating agency. The designated agency shall assist and provide information and resources in implementing 2-1-1 service in this state. The designated agency shall also coordinate the providing of 2-1-1 services of the community resource information and referral entities designated under subsection (3).

(6) Before a state agency or local unit of government implements a community resource information or referral service, the state agency or local unit of government shall consult with the state 2-1-1 coordinating agency designated by the commission under subsection (5).

(7) By 2008, the commission shall issue orders that assign the telephone digits 2-1-1 to a statewide central routing system connecting regional community resource information and referral answering points established under subsection (3). Each provider of basic local exchange service in the state will reassign the telephone number 2-1-1 to the central system without additional charge.

History: Add. 2000, Act 295, Imd. Eff. July 17, 2000;—Am. 2005, Act 235, Imd. Eff. Nov. 22, 2005.

ARTICLE 2A LOCAL UNITS OF GOVERNMENT

484.2251-484.2254 Repealed. 2002, Act 48, Eff. Nov. 1, 2002.

Compiler's note: The repealed sections pertained to permits for access to right-of-way, easement, or public place.

484.2252 Telecommunication services offered by public entity.

Sec. 252. (1) A public entity may provide telecommunication services within its boundaries if the public entity has complied with the requirements of section 14 of the metropolitan extension telecommunications right-of-way oversight act, 2002 PA 48, MCL 484.3114, and all of the following apply:

(a) The public entity has issued a request for competitive sealed bids to provide telecommunication services.

(b) The public entity has received less than 3 qualified bids from private providers.

(c) It is more than 60 days from the date the request for bids was issued.

(d) The public entity is providing the telecommunication services under the same terms and conditions as required under the request for bids issued pursuant to subdivision (a).

(2) Except as provided under subsection (3), a public entity shall not provide telecommunication services outside its boundaries.

(3) Two or more public entities may jointly request bids under subsection (1) and provide telecommunication services if all participating public entities meet the requirements of this section. If a public entity does not receive a qualified bid as required under subsection (1), the public entity may contract with another public entity to receive telecommunication services.

(4) A public entity shall not establish a board or other entity for the purpose of providing regulation of a private provider of services under this section.

(5) This section does not apply to all of the following:

(a) Public safety systems.

(b) Systems used only for the internal use of the public entity or for the sharing of information between the public entity and another public entity.

(c) A public entity that is currently providing telecommunication services or that has held a public hearing by November 1, 2005 on a proposal to provide telecommunication services, or has issued a request for bids by November 1, 2005 to provide telecommunication services, or has an enforceable contract to begin construction of a telecommunication system by November 1, 2005.

(d) A public entity that is currently providing service in another public entity's boundaries.

(e) Services offered by a public entity to the public within a facility owned and operated by the public entity.

(f) Systems or services used or offered by 1 or more public entities or consortiums to advance or promote the public health, safety, and provision of e-government services.

(6) This section may not be construed to prevent a municipally-owned utility from providing to its energy customers, either directly or indirectly, any energy related service involving the transfer or receipt of information or data concerning the use, measurement, monitoring, or management of energy services provided by the municipally-owned utility, including services such as load management or automated meter reading.

(7) As used in this section, "public entity" means a county, city, village, township, or any agency or subdivision of the public entity.

History: Add. 2005, Act 235, Imd. Eff. Nov. 22, 2005.

ARTICLE 3 REGULATED TELECOMMUNICATIONS SERVICES

A. BASIC LOCAL EXCHANGE

484.2301 License to provide or resell basic local exchange service; temporary license.

Sec. 301. (1) A telecommunication provider shall not provide or resell basic local exchange service in this

state, without a license issued from the commission under this act.

(2) Pending the determination of an application for a license, the commission without notice and hearing may issue a temporary license for a period not to exceed 1 year.

History: 1991, Act 179, Eff. Jan. 1, 1992;—Am. 1995, Act 216, Imd. Eff. Nov. 30, 1995;—Am. 2005, Act 235, Imd. Eff. Nov. 22, 2005.

484.2301a Repealed. 2011, Act 58, Imd. Eff. June 14, 2011.

Compiler's note: The repealed section pertained to offer of primary basic local exchange service by licensed provider.

484.2302 Approval of application for license; required findings; retention of license and availability of information.

Sec. 302. (1) After notice and hearing, the commission shall approve an application for a license if the commission finds both of the following:

(a) The applicant possesses sufficient technical, financial, and managerial resources and abilities to provide basic local exchange service within the geographic area of the license and that the applicant intends to provide service within 1 year from the date the license is granted.

(b) The granting of a license to the applicant would not be contrary to the public interest.

(2) The commission shall retain a copy of all granted licenses and make all information contained in the licenses available to the public.

(3) Each provider granted a license shall retain a copy of the license at its principal place of business and make the license available for review to the public.

History: 1991, Act 179, Eff. Jan. 1, 1992;—Am. 2000, Act 295, Imd. Eff. July 17, 2000;—Am. 2005, Act 235, Imd. Eff. Nov. 22, 2005.

484.2303 Effect of sale or transfer of stock; addition, elimination, or modification of area code; prohibition; bankruptcy.

Sec. 303. (1) The sale or transfer of shares of stock of a provider of basic local exchange service is not a sale or transfer of a license or a discontinuance of service.

(2) The commission has the authority to approve or deny a proposed addition, elimination, or modification of an area code in this state. The commission shall give public notice and shall conduct a public hearing in the affected geographic area before an addition, elimination, or modification of an area code is made in this state.

(3) A license issued under this act is not transferable to an unlicensed provider.

(4) In case of the bankruptcy of a licensed provider, the commission shall establish the procedures for the transfer of the license to another qualified provider.

History: 1991, Act 179, Eff. Jan. 1, 1992;—Am. 1995, Act 216, Imd. Eff. Nov. 30, 1995;—Am. 2000, Act 295, Imd. Eff. July 17, 2000;—Am. 2005, Act 235, Imd. Eff. Nov. 22, 2005;—Am. 2011, Act 58, Imd. Eff. June 14, 2011.

484.2304 Local call; adjacent area; classification; total service long run incremental cost of provider with less than 10,000 end-users.

Sec. 304. (1) A call made to a local calling area adjacent to the caller's local calling area is considered a local call and shall be billed as a local call. Effective December 31, 2007, a call made to a called party who is not located within the geographic area of the caller's local calling area or an adjacent local calling area as defined by the commission's order in case numbers U-12515 and U-12528, dated February 5, 2001, is not a local call if the tariff of the provider originating the call does not classify the call as a local call.

(2) A provider of basic local exchange service with less than 10,000 end-users in this state may determine that their total service long run incremental cost is the same as that of a provider with more than 250,000 end-users.

History: 1991, Act 179, Eff. Jan. 1, 1992;—Am. 1995, Act 216, Imd. Eff. Nov. 30, 1995;—Am. 2000, Act 295, Imd. Eff. July 17, 2000;—Am. 2005, Act 235, Imd. Eff. Nov. 22, 2005;—Am. 2011, Act 58, Imd. Eff. June 14, 2011.

484.2304a, 484.2304b Repealed. 2005, Act 235, Imd. Eff. Nov. 22, 2005.

Compiler's note: The repealed sections pertained to requirements for rate restructure and options for basic local exchange, toll, and access services.

484.2305 Provider of basic local exchange service; prohibited conduct.

Sec. 305. A provider of basic local exchange service shall not do any of the following:

(a) Discriminate against another provider by refusing or delaying access service to the local exchange.

(b) Refuse or delay interconnections or provide inferior connections to another provider.

(c) Degrade the quality of access service provided to another provider.

- (d) Impair the speed, quality, or efficiency of lines used by another provider.
- (e) Develop new services to take advantage of planned but not publicly known changes in the underlying network.
- (f) Refuse or delay a request of another provider for information regarding the technical design, equipment capabilities and features, geographic coverage, and traffic patterns of the local exchange network.
- (g) Refuse or delay access service or be unreasonable in connecting another provider to the local exchange whose product or service requires novel or specialized access service requirements.
- (h) Upon a request, fail to fully disclose in a timely manner all available information necessary for the design of equipment that will meet the specifications of the local exchange network.
- (i) Discriminate against any provider or any party who requests the information for commercial purposes in the dissemination of customer proprietary information. A provider shall provide without unreasonable discrimination or delay telephone directory listing information and related services to persons purchasing telephone directory listing information to the same extent and in the same quality as provided to the provider, affiliates of the provider, or any other listing information purchaser.
- (j) Refuse or delay access service by any person to another provider.
- (k) Bundle unwanted services or products for sale or lease to another provider.
- (l) Perform any act that has been prohibited by this act or an order of the commission.
- (m) Sell services or products, extend credit, or offer other terms and conditions on more favorable terms to an affiliate of the provider than the provider offers to other providers.

History: 1991, Act 179, Eff. Jan. 1, 1992;—Am. 1995, Act 216, Imd. Eff. Nov. 30, 1995;—Am. 2005, Act 235, Imd. Eff. Nov. 22, 2005;—Am. 2011, Act 58, Imd. Eff. June 14, 2011.

484.2305a Originating, forwarding, or terminating intrastate traffic; duties of provider; dispute resolution; violation; payment; fine; establishment of reciprocal compensation arrangement; payment of tariffed rate; authority of commission to resolve disputes.

Sec. 305a. (1) Except as otherwise provided by federal law, where technically feasible, a provider originating or forwarding an intrastate call that is terminated on the network of another provider shall do all of the following:

(a) For originated calls, transmit the telephone number of the party originating the call. The telephone number shall be transmitted without alteration in the network signaling information.

(b) For forwarded calls, transmit the telephone number of the party originating the call to the extent that information has been provided by the originating carrier. The telephone number shall be transmitted without alteration in the network signaling information.

(2) The commission shall investigate complaints alleging violations of this section and may initiate proceedings under section 203 to resolve disputes between providers regarding identification of traffic and disputes regarding compensation rights and obligations between providers who originate, forward, or terminate intrastate traffic.

(3) If the commission determines that the telephone number has not been transmitted as required by this section, the provider against whom the complaint was filed shall demonstrate that it was not technically feasible to transmit the information, or that it had a legitimate business or other good faith reason for not transmitting the telephone number.

(4) If the commission determines that a provider violated this section, the commission shall determine if the violation resulted in a nonpayment or underpayment of compensation to the complaining provider under the terms of the parties' compensation agreement or its intrastate access tariff. The commission shall determine the amount of the nonpayment or underpayment and order the violating provider to make payment. The commission shall assess a fine against the violating provider in an amount equal to 2 times the payment amount, and may take any other action authorized by Michigan law that it considers necessary.

(5) A provider that originates an intrastate call subject to section 251(b)(5) of the telecommunications act of 1996, 47 USC 251, shall agree to establish a reciprocal compensation arrangement for the termination of those calls. Originating and terminating providers shall agree to begin negotiations no more than 30 days after the originating provider receives a request from a terminating provider to establish an arrangement. During the negotiation period, reciprocal compensation rates shall be assessed by the terminating carrier under an interim arrangement with the originating carrier. Originating and terminating providers shall use good faith efforts to conclude negotiations and finalize an agreement within a reasonable time period.

(6) A provider that originates an intrastate intra-LATA call subject to a terminating carrier's intrastate access tariffs shall pay the tariffed rate for termination of the call.

(7) The commission may resolve disputes under this section between originating and terminating providers related to negotiation of the reciprocal compensation agreement and the payment of the tariffed rates.

History: Add. 2005, Act 235, Imd. Eff. Nov. 22, 2005;—Am. 2011, Act 58, Imd. Eff. June 14, 2011.

484.2305b Duties.

Sec. 305b. A provider of any telecommunication service shall do all of the following:

(a) Upon request, provide each customer a clear and simple explanation of the terms and conditions of the services purchased by the customer including, but not limited to, a statement of all fees, charges, and taxes that will be included in the customer's monthly bill.

(b) The statement required under subdivision (a) shall include a good faith estimate by the provider of the actual monthly cost that the customer will be required to pay if the service is purchased.

(c) Comply with all federal and state requirements regarding truth in billing, E 9-1-1 services, and basic local exchange service.

(d) If E 9-1-1 service is not available to the customer, ensure that the customer has an alternative means to reach emergency service responders.

History: Add. 2005, Act 235, Imd. Eff. Nov. 22, 2005;—Am. 2011, Act 58, Imd. Eff. June 14, 2011.

484.2305c Emergency power requirements; compliance.

Sec. 305c. A provider of basic local exchange service shall comply with the following emergency power requirements:

(a) A facilities-based provider shall equip each central office, remote switch, remote line unit, and interexchange toll switching office or access tandem with a minimum of 3 hours of peak load battery reserve, if permanent auxiliary power is installed, and 5 hours of battery reserve, if permanent emergency power is not installed, or 8 hours of battery reserve if the central office is in a remote location. A facilities-based provider shall have available a mobile power unit to be delivered and connected to central offices, remote switches, and remote line units within 8 hours.

(b) An E 9-1-1 service supplier shall provide 24-hour, 7-day-a-week database access to permit information to be acquired or corrected.

(c) A provider, E 9-1-1 service supplier, public safety answering point, or any entity providing or maintaining E 9-1-1 database information shall correct each error in the 9-1-1 system or database within 1 business day.

History: Add. 2011, Act 58, Imd. Eff. June 14, 2011.

484.2306 Repealed. 2011, Act 58, Imd. Eff. June 14, 2011.

Compiler's note: The repealed section pertained to offer of toll services by telecommunication provider of basic local exchange service.

484.2307 Educational institutions generally.

Sec. 307. (1) Educational institutions shall have the authority to own, construct, and operate a telecommunication system or to purchase telecommunication services or facilities from an entity capable of providing the service or facility.

(2) Educational institutions that provide telecommunication services offered in subsection (3) shall not be subject to regulation under this act or by any other governmental unit.

(3) Educational institutions may only sell telecommunication services required for, or useful in, the instruction and training, including worker training, of students and other people utilizing the institution's educational services, the conducting of research, or the operation of the institution. The services shall not be considered basic local exchange services as long as they are used for the instruction and training of students and other people utilizing the institution's education services, the conducting of research, or the operation of the institution. Educational institutions may initiate and maintain cooperative arrangements with telecommunication providers without the institutions being subject to this act.

(4) Upon the request of an educational institution, telecommunication providers may provide to an educational institution services for the transmission of interactive data, voice and video communications between the institution's facilities or to the homes of students or employees of the institution, regardless of whether the exchanges are in the same or different LATAs.

(5) The rates for services provided to an educational institution by a provider under this section shall be determined by an open bid process.

(6) Except for a state institution of higher education, if an educational institution has excess capacity, it may sell the excess capacity subject to subsection (3) and to all of the following:

(a) The amount of capacity sold shall not exceed 25% of the institution's total capacity.

(b) The capacity shall not be sold below the total service long run incremental cost of the provider of basic local exchange service in the service area of the educational institution. If there is more than 1 provider in the

service area, the educational institution shall use the lowest total service long run incremental cost.

(c) The educational institution has held not less than 1 public hearing on the proposed plan to sell the excess capacity. The educational institution shall give notice of the time and place of the public hearing not less than 15 days before the hearing by 1 publication in a newspaper of general circulation in the geographic area in which the excess capacity is to be sold. Notice shall also be provided on the educational institution's website.

History: 1991, Act 179, Eff. Jan. 1, 1992;—Am. 1995, Act 216, Imd. Eff. Nov. 30, 1995;—Am. 2005, Act 235, Imd. Eff. Nov. 22, 2005.

484.2307a Repealed. 1995, Act 216, Imd. Eff. Nov. 30, 1995.

Compiler's note: The repealed section pertained to educational institutions services for transmission of interactive data and video communications.

484.2308 Repealed. 2011, Act 58, Imd. Eff. June 14, 2011.

Compiler's note: The repealed section pertained to use of basic local exchange or access rates or proceeds from sale, lease, or transfer of rate acquired assets.

484.2309 Local directory assistance; annual printed telephone directory; 900 prefix services.

Sec. 309. (1) A provider of basic local exchange service shall provide to each customer local directory assistance and may distribute a printed telephone directory to each customer. If a provider of basic local exchange service elects not to distribute a printed telephone directory to each customer, a customer may request either a printed telephone directory or an electronic telephone directory from the provider that shall provide that directory at no additional charge to the customer.

(2) A provider of basic local exchange service shall provide each customer at no additional charge the option of having access to 900 prefix services blocked through the customer's exchange service.

History: 1991, Act 179, Eff. Jan. 1, 1992;—Am. 2005, Act 235, Imd. Eff. Nov. 22, 2005;—Am. 2011, Act 58, Imd. Eff. June 14, 2011.

484.2309a, 484.2309b Repealed. 2011, Act 58, Imd. Eff. June 14, 2011.

Compiler's note: The repealed sections pertained to cable service by provider of telecommunication service and collective bargaining activities undertaken by employees of provider of inter-LATA toll service.

B. TOLL ACCESS SERVICE

484.2310 Rates for toll access services; intrastate switched toll access rate restructuring mechanism; establishment; administration; size; mandatory monthly contributions; modifications to size, operation, or composition of restructuring mechanism; proceedings; disputes; resolution; enforcement; information to be provided by providers; definitions

Sec. 310. (1) Except as provided by this section, the commission shall not review or set the rates for toll access services.

(2) A provider of toll access services shall set the rates for intrastate switched toll access services at rates that do not exceed the rates allowed for the same interstate services by the federal government and shall use the access rate elements for intrastate switched toll access services that are in effect for that provider and are allowed for the same interstate services by the federal government. Eligible providers shall comply with this subsection as of the date established for the commencement of the operation of the restructuring mechanism under subsection (9). Providers other than eligible providers shall not charge intrastate toll access service rates in excess of those rates in effect as of July 1, 2009 and shall reduce the differential, if any, between intrastate and interstate switched toll access service rates in effect as of July 1, 2009 in no more than 5 steps of at least 20% each of the differential on the following dates: January 1, 2011; January 1, 2012; January 1, 2013; January 1, 2014; and January 1, 2015. Providers may agree to a rate that is less than the rate allowed by the federal government.

(3) Two or more providers that each have less than 250,000 access lines may agree to joint toll access service rates and pooling of intrastate toll access service revenues.

(4) A provider of toll access services shall make available for intrastate access services any technical interconnection arrangements, including colocation required by the federal government for the identical interstate access services.

(5) A provider of toll access service, whether under tariff or contract, shall offer the services under the same rates, terms, and conditions, without unreasonable discrimination, to all providers. All pricing of special toll access services and switched access services, including volume discounts, shall be offered to all providers under the same rates, terms, and conditions.

(6) If a toll access service rate is reduced, then the provider receiving the reduced rate shall reduce its rate to its customers by an equal amount. The commission may investigate and ensure that the provider has complied with this subsection.

(7) In order to restructure intrastate switched toll access service rates, there is hereby established in the department of energy, labor, and economic growth an intrastate switched toll access rate restructuring mechanism as a separate interest-bearing fund. The state treasurer shall direct the investment of the restructuring mechanism. Money in the restructuring mechanism shall remain in the restructuring mechanism at the close of the fiscal year and shall not revert to the general fund.

(8) An eligible provider is entitled to receive monthly disbursements from the restructuring mechanism as provided in subsection (11) in order to recover the lost intrastate switched toll access service revenues resulting from rate reductions under subsection (2).

(9) The restructuring mechanism shall be administered by the commission. The restructuring mechanism shall be established and shall begin operation within 270 days after the effective date of the amendatory act that added this subsection. Subject to the preceding sentence, the commission shall establish the date for commencing the operation of the restructuring mechanism and shall notify the participants in the restructuring mechanism at least 30 days in advance of that date. The commission shall recover its actual costs of administering the restructuring mechanism from assessments collected for the operation of the restructuring mechanism.

(10) The commission shall establish the procedures and timelines for organizing, funding, and administering the restructuring mechanism. The commission shall report to the legislature and the governor annually regarding the administration of the restructuring mechanism. The report shall include the total amount of money collected from contributing providers, the total amount of money disbursed from the restructuring mechanism annually to each eligible provider, the costs of administration, and any other information considered relevant by the commission. Any company-specific information pertaining to access lines, switched toll access services minutes of use, switched toll access demand quantities, contributions, and intrastate telecommunications services revenues submitted to the commission under this subsection are confidential commercial or financial information and exempt from public disclosure pursuant to section 210.

(11) The initial size of the restructuring mechanism shall be calculated as follows:

(a) Within 60 days of the effective date of the amendatory act that added this subsection each eligible provider shall submit to the commission information and all the supporting documentation that establishes the amount of the reduction in annual intrastate switched toll access revenues which will result from the reduction in rates required in subsection (2). The reduction shall be calculated for each eligible provider as the difference between intrastate and interstate switched toll access service rates in effect as of July 1, 2009, multiplied by the intrastate switched access minutes of use and other switched access demand quantities for the calendar year 2008.

(b) The commission shall compute the size of the initial restructuring mechanism disbursements for each eligible provider and shall inform each eligible provider of that computation within 60 days after receiving the information and supporting documentation from the eligible providers under subdivision (a).

(12) The restructuring mechanism shall be created and supported by a mandatory monthly contribution by all providers of retail intrastate telecommunications services and all providers of commercial mobile service. Interconnected voice over internet protocol services shall not be considered an intrastate telecommunications service for the purposes of this section and interconnected voice over internet protocol service providers shall not be required to pay, directly or indirectly, the mandatory monthly contributions established in this subsection. A provider of telecommunications services to a provider of interconnected voice over internet protocol services shall not pay a mandatory monthly contribution related to those interconnected voice over internet protocol services or attempt to pass through any mandatory monthly contributions, directly or indirectly, to a provider of interconnected voice over internet protocol services. Nothing in this act grants the commission authority over commercial mobile service providers or voice over internet protocol service providers except as is strictly necessary for administration of the restructuring mechanism.

(13) Within 60 days of the effective date of the amendatory act that added this subsection, each contributing provider shall report its 2008 intrastate retail telecommunications services revenues to the commission. Notwithstanding anything in subsection (12), if the federal communications commission determines that interconnected voice over internet protocol services may be subject to state regulation for universal services purposes, the commission may open a proceeding to determine who is required to participate in a universal service fund.

(14) The initial contribution assessment percentage shall be a uniform percentage of retail intrastate telecommunications services revenues determined by projecting the total amount necessary to cover the initial intrastate switched toll access rate restructuring mechanism disbursement levels for 12 months, including

projected cash reserve requirements, actual and projected administrative costs, and projected uncollectible contribution assessments, divided by the 2008 calendar year total retail intrastate telecommunications services revenues in this state, less projected uncollectible revenues, reported to the commission. The commission shall issue an order establishing the initial calculation of the contribution assessment percentage within 150 days of the effective date of the amendatory act that added this subsection. The commission may increase or decrease the contribution assessment on a quarterly or other basis as necessary to maintain sufficient funds for disbursements.

(15) Each contributing provider shall remit to the commission on a monthly basis an amount equal to its intrastate retail telecommunications services revenues, less uncollectible revenues, multiplied by the contribution assessment percentage determined under subsection (14), according to a time frame established by the commission. These contributions shall continue until the end of the period for which eligible providers are entitled to receive monthly disbursements from the restructuring mechanism under subsections (11) and (16).

(16) The commission shall recalculate the size of the restructuring mechanism for each eligible provider 4 years from the date the initial restructuring mechanism becomes operational pursuant to subsection (9) and again 4 years thereafter. The recalculation process shall be as follows:

(a) The restructuring mechanism shall be recalculated each time as the difference between the intrastate switched toll access rates in effect as of July 1, 2009 and the interstate switched toll access rates in effect at the time of the recalculation, multiplied by the intrastate switched toll access minutes of use and other switched access demand quantities for the calendar year 2008.

(b) The recalculated restructuring mechanism shall be further adjusted during the first recalculation by the percentage change, if any, in the number of access lines in service for each eligible provider from December 31, 2008 to December 31 of the year immediately preceding the year in which the adjustment is made.

(c) The recalculated restructuring mechanism shall be adjusted during the second recalculation by the percentage change, if any, in the number of access lines in service for each eligible provider from December 31 of the year of the first recalculation to December 31 of the year immediately preceding the second recalculation.

(d) Each eligible provider is entitled to receive monthly disbursements from the restructuring mechanism for a period of no more than 12 years from the date the restructuring mechanism is established under subsection (9), at which time the restructuring mechanism shall cease to exist.

(17) The money received and administered by the commission for the support and operation of the restructuring mechanism created by the amendatory act that created this subsection shall not be used by the commission or any department, agency, or branch of the government of this state for any other purpose, and that money is not subject to appropriation, allocation, assignment, expenditure, or other use by any department, agency, or branch of the government of this state.

(18) If the federal government adopts intercarrier compensation reforms or takes any action that causes or requires a significant change in interstate switched toll access service rates, the commission may initiate, or any interested party may file an application for, a proceeding pursuant to section 203 within 60 days of that action to determine whether any modifications to the size, operation, or composition of the restructuring mechanism are warranted. During the pendency of that proceeding, the requirement in subsection (2) for eligible providers to set intrastate switched toll access service rates equal to interstate switched toll access service shall be temporarily suspended by those providers. Intrastate access rates may not be increased above the levels that exist at the time of the suspension. Following notice and hearing, upon a showing of good cause, the commission may stop or place certain conditions on the temporary suspension.

(19) If the federal government changes the federal universal service contribution methodology so that it is not based on a percentage of total interstate telecommunications services revenues, the commission shall modify the contribution methodology for the restructuring mechanism to be consistent with the federal methodology. The commission shall initiate a proceeding to modify the contribution methodology for the restructuring mechanism and to establish a reasonable time period for transition to the new contribution methodology.

(20) Disputes arising under this section may be submitted to the commission for resolution pursuant to sections 203 and 204.

(21) If any contributing provider subject to this section fails to make the required contributions or fails to provide required information to the commission, the commission shall initiate an enforcement proceeding under section 203. If the commission finds that a contributing provider has failed to make contributions or to perform any act required under this section, a contributing provider shall be subject to the remedies and penalties under section 601.

(22) Eligible providers and contributing providers shall provide information to the commission that is

required for the administration of the restructuring mechanism. Company-specific information pertaining to access lines, switched toll access services minutes of use, switched toll access demand quantities, contributions, and intrastate telecommunications services revenues submitted to the commission under this subsection is confidential commercial or financial information and exempt from public disclosure pursuant to section 210.

(23) As used in this section:

(a) "Commercial mobile service" means that term as defined in section 332(d)(1) of the telecommunications act of 1996, 47 USC 332.

(b) "Contributing provider" means an entity required to pay into the restructuring mechanism.

(c) "Eligible provider" means an incumbent local exchange carrier as defined in section 251 of the telecommunications act of 1996, 47 USC 251, that as of January 1, 2009 had rates for intrastate switched toll access services higher than its rates for the same interstate switched toll access services, and that provides the services and functionalities identified by rules of the federal communications commission described at 47 CFR 54.101(a).

(d) "Interconnected voice over internet protocol service" means that term as defined in 47 CFR 9.3.

(e) "Restructuring mechanism" means the intrastate switched toll access rate restructuring mechanism established in this section.

History: 1991, Act 179, Eff. Jan. 1, 1992;—Am. 1995, Act 216, Imd. Eff. Nov. 30, 1995;—Am. 2000, Act 295, Imd. Eff. July 17, 2000;—Am. 2005, Act 235, Imd. Eff. Nov. 22, 2005;—Am. 2009, Act 182, Imd. Eff. Dec. 17, 2009.

484.2310a Charging, assessing, or imposing intrastate subscriber line charge or end-user line charge; prohibition.

Sec. 310a. After June 1, 2007, all providers of telecommunication services in this state shall not charge, assess, or impose on end-users an intrastate subscriber line charge or end-user line charge.

History: Add. 2005, Act 235, Imd. Eff. Nov. 22, 2005;—Am. 2011, Act 58, Imd. Eff. June 14, 2011.

484.2311 Repealed. 2011, Act 58, Imd. Eff. June 14, 2011.

Compiler's note: The repealed section pertained to imputation of prices of special toll access service and switched access by telecommunication providers of basic local exchange service.

C. TOLL SERVICE

484.2312 Repealed. 2011, Act 58, Imd. Eff. June 14, 2011.

Compiler's note: The repealed section pertained to availability and rates for toll services.

484.2312a Repealed. 2005, Act 235, Imd. Eff. Nov. 22, 2005.

Compiler's note: The repealed section pertained to 1+intra-LATA toll dialing parity.

484.2312b Repealed. 1995, Act 216, Eff. July 1, 1997.

Compiler's note: The repealed section pertained to 1+ intra-LATA toll dialing parity.

484.2312c Use of payphone or toll service; receipt of rate quote; exception; "consumer" defined.

Sec. 312c. (1) Before connecting any call, the operator service provider that owns or operates the payphone or contracts to provide toll service for the payphone provider shall at no charge disclose, audibly and distinctly, how the consumer may receive a rate quote.

(2) To receive a rate quote, the consumer shall have the option of either pressing a sequence of not more than 2 keys or staying on the line for assistance.

(3) The consumer shall not be assessed any charge for the use of the payphone or toll service if the consumer terminates the call after receiving the rate quote.

(4) This section does not apply to calls made by a consumer utilizing his or her toll provider of choice by dialing the provider's access service method.

(5) As used in this section, "consumer" means a person initiating a telephone call using an operator service. In collect calling arrangements handled by an operator service provider, the term consumer includes the party on the terminating end of the call. For bill-to-third party calling arrangements handled by an operator service provider, the term consumer includes the party to be billed for the call if that party is contacted by the operator service provider to secure billing approval.

History: Add. 2004, Act 561, Imd. Eff. Jan. 3, 2005.

D. DISCONTINUANCE OF SERVICES

484.2313 Discontinuance of service.

Sec. 313. (1) A telecommunication provider that provides either basic local exchange or toll service, or both, shall not discontinue either service to an exchange unless 1 or more alternative providers for toll service, or 2 or more alternative providers for basic local exchange service, are furnishing a comparable voice service to the customers in the exchange. A comparable voice service includes any 2-way voice service offered through any form of technology that is capable of placing and receiving calls from a provider of basic local exchange service, including voice over internet protocol services and wireless services.

(2) A telecommunication provider proposing to discontinue a regulated service to an exchange shall file a notice of the discontinuance of service with the commission, publish the notice in a newspaper of general circulation within the exchange, provide notice to each of its customers within the exchange by first-class mail or within customer bills, and provide other reasonable notice as required by the commission.

(3) Within 60 days after the date of publication or receipt of the notice required by subsection (2), a person or other telecommunication provider affected by a discontinuance of services by a telecommunication provider may apply to the commission to determine if the discontinuance of service is authorized under this act. Within 90 days after the date of publication of the notice required by subsection (2), the commission may, in response to a request or on its own initiative, commence a proceeding to determine if the discontinuance of service is authorized under this act. The commission has 180 days from the date any proceeding is initiated under this subsection to issue its final order. A provider shall not discontinue service unless it has provided at least 60 days' notice to each customer after a commission order has been issued under this subsection or after the last day for initiating a proceeding under this subsection.

(4) Discontinuance of basic local exchange service under this section by an incumbent local exchange carrier does not affect the requirements of that incumbent local exchange carrier under federal law. As used in this subdivision, "incumbent local exchange carrier" means that term as defined in section 251(h) of the telecommunications act of 1996, 47 USC 251.

History: 1991, Act 179, Eff. Jan. 1, 1992;—Am. 2011, Act 58, Imd. Eff. June 14, 2011.

484.2314 Repealed. 2011, Act 58, Imd. Eff. June 14, 2011.

Compiler's note: The repealed section pertained to discontinuing of regulated services for failure by customer to pay rate or charge imposed for unregulated service.

484.2314a Customer on active duty in military; shut-off protection.

Sec. 314a. (1) Except as otherwise provided by this section, a telecommunication provider shall not discontinue basic local exchange telecommunication service to the residence of a qualifying customer who has made a filing under this section. A customer making a filing under this section shall retain the telephone number assigned to the customer on the date of the filing.

(2) A qualifying customer may apply for shut-off protection for telecommunication service under this section by notifying the provider that the qualifying customer is in need of assistance caused by a reduction in household income through a call to active duty status in the military.

(3) A provider of service may request verification of the call to active duty status from the qualifying customer. A provider of service may also request verification of the qualified customer's reduction in household income.

(4) A provider of service may require restrictions or elimination of calling features or toll service as a condition of granting a qualifying customer's request for shut-off protection under this section.

(5) A qualifying customer may receive shut-off protection from the provider of service under this section for up to 90 days. Upon application to the provider, the provider may grant the qualifying customer 1 or more extensions.

(6) A qualifying customer receiving assistance under this section shall notify the provider of the end of the call to active duty status as soon as that status is known.

(7) Unless waived by the provider, the shut-off protection provided under this section does not void or limit the obligation of the qualifying customer to pay for telecommunication services received during the time of assistance.

(8) Within 48 hours of receiving all information requested of the qualifying customer, a provider shall do all of the following:

(a) Create a repayment plan requiring minimum monthly payments that allows the qualifying customer to pay any past due amounts over a reasonable time period not to exceed 1 year.

(b) Provide a qualifying customer with information regarding any governmental, provider, or other

assistance programs.

(9) This section does not affect or amend any commission rules or orders pertaining to billing standards. If the terms and conditions arranged by the provider with the qualifying customer under subsection (8) are not followed by the customer, then the provider shall follow procedures as set forth in the commission's billing standards for basic residential telecommunication service.

(10) As used in this section, "qualifying customer" means all of the following:

(a) A residential household where the income is reduced because the customer of record, or the spouse of the customer of record, is called to active military service by the president of the United States or the governor of this state during a time of declared national or state emergency or war.

(b) Assistance is needed by the residential household to maintain telecommunication service.

(c) The residential household notifies the provider of the need for assistance and provides verification of the call to active duty status.

History: Add. 2003, Act 206, Imd. Eff. Nov. 26, 2003;—Am. 2005, Act 235, Imd. Eff. Nov. 22, 2005.

484.2314b Person certified as deaf or hard of hearing or speech-impaired; shut-off protection.

Sec. 314b. (1) Except as otherwise provided by this section, a telecommunication provider shall not discontinue basic local exchange telecommunication service to a residence of a person who is certified as deaf or hard of hearing, or speech-impaired by a licensed physician, licensed audiologist, or qualified state agency, who has made a filing under this section.

(2) A deaf or hard of hearing, or speech-impaired customer may apply for shut-off protection for telecommunication services under this section by notifying the provider that the deaf or hard of hearing, or speech-impaired customer is in need of assistance caused by a reduction in household income.

(3) A provider of service may request verification of the reduction in household income from the deaf or hard of hearing, or speech-impaired customer.

(4) A provider of service may require restrictions or elimination of calling features or toll service as a condition of granting a deaf or hard of hearing, or speech-impaired customer's request for shut-off protection under this section. The provider shall not restrict the deaf or hard of hearing, or speech-impaired customer's access to a telecommunication relay service required under section 315.

(5) A deaf or hard of hearing, or speech-impaired customer may receive shut-off protection from the provider of service under this section for up to 90 days. Upon application to the provider, the provider may grant the qualifying customer 1 or more extensions.

(6) Unless waived by the provider, the shut-off protection provided under this section does not void or limit the obligation of the qualifying customer to pay for telecommunication services received during the time of assistance.

(7) Within 48 hours of receiving all information requested of the deaf or hard of hearing, or speech-impaired customer, a provider shall do all of the following:

(a) Create a repayment plan requiring minimum monthly payments that allows the deaf or hard of hearing, or speech-impaired customer to pay any past due amounts over a reasonable time period not to exceed 1 year.

(b) Provide a deaf or hard of hearing, or speech-impaired customer with information regarding any governmental, provider, or other assistance programs.

(8) This section does not affect or amend any commission rules or orders pertaining to billing standards. If the terms and conditions arranged by the provider with the deaf or hard of hearing, or speech-impaired customer under subsection (7) are not followed by the customer, then the provider shall follow procedures as set forth in the commission's billing standards for basic residential telecommunication service.

History: Add. 2005, Act 235, Imd. Eff. Nov. 22, 2005.

E. SERVICES FOR THE HEARING IMPAIRED

484.2315 Text telephone-telecommunications device for the deaf, hard of hearing, or speech-impaired; relay service; rates and charges; discounts; recovery of costs.

Sec. 315. (1) The commission shall require each provider of basic local exchange service to provide a text telephone-telecommunications device for the deaf at cost to each individual who is certified as deaf or hard of hearing or speech-impaired by a licensed physician, licensed audiologist, or qualified state agency, and to each public safety answering point as defined in section 102 of the emergency 9-1-1 service enabling act, 1986 PA 32, MCL 484.1102.

(2) The commission shall require each provider of basic local exchange service to provide a telecommunication relay service whereby persons using a text telephone-telecommunications device for the

deaf can communicate with persons using a voice telephone through the use of third party intervention or automated translation. Each provider of basic local exchange service shall determine whether to provide a telecommunication relay service on its own, jointly with other basic local exchange providers, or by contract with other telecommunication providers. The commission shall determine the technical standards and essential features of text telephone and telecommunication relay service to ensure their compatibility and reliability.

(3) Rates and charges for calls placed through a telecommunication relay service shall not exceed the rates and charges for calls placed directly from the same originating location to the same terminating location. Unless ordered by the commission, a provider of a telecommunications relay service shall not be required to handle calls from public telephones except for calls charged collect or to cash, a credit card, or a third party number.

(4) Notwithstanding any other provision of this act, a provider may offer discounts on toll calls where a text telephone-telecommunications device for the deaf is used. The commission shall not prohibit such discounts on toll calls placed through a telecommunication relay service.

(5) The commission shall establish a rate for each subscriber line of a provider to allow the provider to recover costs incurred under this section and may waive the costs assessed under this section to individuals who are deaf or severely hearing impaired or speech impaired. The rate established by the commission under this subsection may be assessed as a line item on an end-user's bill.

History: 1991, Act 179, Eff. Jan. 1, 1992;—Am. 2005, Act 235, Imd. Eff. Nov. 22, 2005;—Am. 2011, Act 58, Imd. Eff. June 14, 2011.

F. LIFELINE SERVICES

484.2316 Rates for low income residential customers; reduction; notification of lifeline services.

Sec. 316. (1) The commission shall require each provider of residential basic local exchange service to offer certain low income customers the availability of basic local exchange service and access service at reduced rates as described in subsections (2) and (3).

(2) Except as provided under subsections (3) and (4), the rate reductions for low income customers shall be at a minimum, 20% of the basic local exchange rate or \$8.25, which shall be, inclusive of any federal contribution, whichever is greater.

(3) Except as provided under subsection (4), if the low income customer is 65 years of age or older, the rate reduction shall be, at a minimum, 25% of the basic local exchange rate or \$12.35, which shall be inclusive of any federal contribution, whichever is greater.

(4) The total reduction under subsection (2) or (3) shall not exceed 100% of all end-user common line charges and the basic local exchange rate. The dollar amounts in subsections (2) and (3) shall be adjusted annually to reflect any increases or decreases in the federal contribution.

(5) To qualify for the reduced rate under this section, the person's annual income shall not exceed 150% of the federal poverty guidelines published annually in the federal register by the United States department of health and human services and as approved by the state treasurer, or the person must participate in 1 of the following federal assistance programs:

- (a) Medicaid.
- (b) Food stamps.
- (c) Supplemental security income.
- (d) Federal public housing assistance.
- (e) Low-income home energy assistance program.
- (f) National school lunch program's free lunch program.
- (g) Temporary assistance for needy families.

(6) The commission shall establish a rate for each subscriber line of a provider to allow the provider to recover costs incurred under this section. The rate established by the commission under this subsection may be assessed as a line item on an end-user's bill.

(7) The commission shall take necessary action to notify the general public of the availability of lifeline services including, but not limited to, public service announcements, newspaper notices, and any other notice reasonably calculated to reach those who may benefit from the services.

History: 1991, Act 179, Eff. Jan. 1, 1992;—Am. 1995, Act 216, Imd. Eff. Nov. 30, 1995;—Am. 1997, Act 183, Imd. Eff. Dec. 30, 1997;—Am. 1999, Act 31, Imd. Eff. May 28, 1999;—Am. 2005, Act 235, Imd. Eff. Nov. 22, 2005;—Am. 2011, Act 58, Imd. Eff. June 14, 2011.

484.2316a Definitions; creation of intrastate universal service fund; provision of supported

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telecommunication services.

Sec. 316a. (1) As used in this section:

(a) "Affordable rates" means, at a minimum, rates in effect on January 1, 2006 or as determined by the commission.

(b) "Intrastate universal service fund" means a fund created by the commission to provide a subsidy to customers for the provision of supported telecommunication services provided by any telecommunication carrier.

(c) "Supported telecommunication services" means primary residential access lines and a minimum level of local usage on those lines, as determined by the commission.

(d) "Universal service" shall mean the provision of supported telecommunication services by any carrier.

(2) The commission shall determine for each provider whether and to what extent the affordable rate level to provide supported telecommunication services is below each provider's forward looking economic cost of the supported telecommunication services.

(3) If an intrastate universal fund is created under this section, to the extent providers provide supported telecommunication services at an affordable rate that is below the forward looking economic cost of the supported telecommunication services, the fund shall provide a subsidy for customers in an amount which is equal to the difference between the affordable rate as determined by the commission and the forward looking economic cost of the supported services, less any federal universal service support received for those supported services.

(4) Eligibility for customers to receive intrastate universal service support under subsection (3) shall be consistent with the eligibility guidelines of section 254(e) of the telecommunications act of 1996 and the rules and regulations of the federal communications commission. The state fund shall be administered by an independent third-party administrator selected by the commission.

(5) To the extent an intrastate universal service fund is established, the commission shall require that the costs of the fund be recovered from all telecommunication providers on a competitively neutral basis. Providers contributing to the intrastate universal service fund may recover from end-users the costs of the financial support through surcharges assessed on end-users' bills.

(6) Upon request or on its own motion, the commission, after notice and hearing, shall determine if, based upon changes in technology or other factors, the findings made under this section should be reviewed.

(7) This section does not apply if an interstate universal service fund exists on the federal level unless otherwise approved by the commission.

History: Add. 2000, Act 295, Imd. Eff. July 17, 2000;—Am. 2005, Act 235, Imd. Eff. Nov. 22, 2005.

G. OPERATOR SERVICE PROVIDERS**484.2317 Operator service providers; registration; fee; connection of emergency call to emergency responder service.**

Sec. 317.

(1) An operator service provider shall not provide operator services in this state without first registering with the commission. The registration shall include the following information:

(a) The name of the provider.

(b) The address of the provider's principal office.

(c) If the provider is not located in this state, the address of the registered office and the name of the registered agent authorized to receive service of process in this state.

(d) Any other information that the commission may require.

(2) The registration shall be accompanied with a registration fee of \$100.00.

(3) The registration is effective immediately upon filing with the commission and the payment of the registration fee and shall remain in effect for 1 year from its effective date.

(4) A registration may be renewed for 1 year by filing with the commission a renewal registration on a form provided by the commission and the payment of a renewal fee of \$100.00.

(5) At no charge, an operator service provider shall immediately connect a person making an emergency call to an emergency responder service.

History: Add. 1995, Act 216, Imd. Eff. Nov. 30, 1995;—Am. 2005, Act 235, Imd. Eff. Nov. 22, 2005.

H. PAYPHONE SERVICES**484.2318 Payphone service; discrimination prohibited; compliance with nonstructural safeguards.**

Sec. 318. (1) A provider of basic local exchange service shall not discriminate in favor of its or an affiliate's payphone service over similar services offered by another provider.

(2) A provider of payphone service shall comply with all nonstructural safeguards adopted by the federal communications commission for payphone service.

History: Add. 1995, Act 216, Imd. Eff. Nov. 30, 1995.

484.2319 Repealed. 2005, Act 235, Imd. Eff. Nov. 22, 2005.

Compiler's note: The repealed section pertained to rate of compensation a provider of toll service is to compensate provider of payphone service.

484.2320 Payphone service; registration required; report of inoperative payphone; notification; rules or orders; regulation of service by local unit of government.

Sec. 320. (1) A person shall not provide payphone service in this state without first registering with the commission. The registration shall include all of the following information:

(a) The name of the provider.

(b) The address and telephone number of the provider's principal office.

(c) If the provider is not located in this state, the address and telephone number of the registered office and the name and telephone number of the registered agent authorized to receive service of process in this state.

(d) The specific location of each payphone in this state owned or operated by the provider. Information required under this subdivision shall be made available to the local unit of government solely for the enforcement of the reporting, repairing, and replacement standards under subsection (8). The information required to be provided under this subsection shall be considered commercial information under section 210, and the information submitted shall be exempt from the freedom of information act, Act No. 442 of the Public Acts of 1976, being sections 15.231 to 15.246 of the Michigan Compiled Laws.

(2) The registration shall be accompanied by a registration fee of \$100.00.

(3) The registration is effective immediately upon filing with the commission and the payment of the registration fee and shall remain in effect for 1 year from its effective date.

(4) A registration may be renewed for 1 year by filing with the commission a renewal registration on a form provided by the commission and the payment of a renewal fee of \$100.00.

(5) The commission shall establish a toll-free number that can be dialed to report to the commission a payphone that is inoperative. The toll-free number shall be conspicuously displayed by the provider on or near each payphone.

(6) If the commission receives a report pursuant to subsection (5), it shall immediately notify the provider of the inoperative payphone.

(7) After consulting with providers of payphone service, local units of government, and other interested parties, the commission shall promulgate rules or issue orders under section 213 to establish and enforce quality standards in the providing of payphone service.

(8) Except as provided in subsection (9), a local unit of government shall not regulate payphone service.

(9) A local unit of government may enforce the reporting, repairing, and replacement of inoperative payphones within its jurisdiction by adopting an ordinance that conforms to the standards established by the commission under subsection (7). A local unit of government shall not impose standards greater than these established by the commission.

History: Add. 1995, Act 216, Imd. Eff. Nov. 30, 1995.

I. REGULATED RATES

484.2321 Repealed. 2011, Act 58, Imd. Eff. June 14, 2011.

Compiler's note: The repealed section pertained to charging rate for service that is less than the total service long run incremental cost of providing service.

484.2322 Repealed. 2005, Act 235, Imd. Eff. Nov. 22, 2005.

Compiler's note: The repealed section pertained to definitions and access to broadband internet access transport services.

ARTICLE 3A

INTERCONNECTION OF TELECOMMUNICATION PROVIDERS WITH THE BASIC LOCAL EXCHANGE SERVICE

484.2351 Providers of basic local exchange service or basic local exchange and toll service; applicability of article.

Sec. 351. Until January 1, 2000 and except for section 361, this article does not apply to providers who, together with any affiliated providers, provide basic local exchange service or basic local exchange and toll service to less than 250,000 end-users in this state on January 1, 1996.

History: Add. 1995, Act 216, Imd. Eff. Nov. 30, 1995.

484.2352 Rates for basic local exchange service for interconnection; rates for network elements, unbundled loops, number portability, and termination of local traffic.

Sec. 352. (1) The rates of a provider of basic local exchange service for interconnection under this article shall be at the provider's total service long run incremental cost of providing the service.

(2) The rates for network elements and combinations of network elements, unbundled loops, number portability, and the termination of local traffic shall be the rates established by the commission.

(3) The rate of a network element shall not exceed either of the following:

(a) The tariffed or contract rate a retail customer or affiliate is or would be charged for the element, service, or its functional equivalent.

(b) The rate and other appropriate charges, or portions of charges, if any, to be determined by the commission, of a retail service which includes the same network element less the total service long run incremental costs of all other components that together form the same retail service.

(4) If the network element imputation test in subsection (3) is not met, the unbundled network element rate shall be reduced until the network element rate meets that standard.

(5) Existing network element rates may be revised or new network element rates established by the commission after notice and hearing. To initiate a proceeding under this subsection, a party shall file with the commission a petition to establish or alter network element rates. The petition shall clearly state the proposed rate or rates and include reasonable documentary support for the proposed rate or rates. If the petitioner seeks an increase to a previously commission ordered rate, the petitioner shall demonstrate that the proposed revision results from an increase in underlying cost and the increase in underlying cost has been reflected in retail rates.

History: Add. 1995, Act 216, Imd. Eff. Nov. 30, 1995;—Am. 2005, Act 235, Imd. Eff. Nov. 22, 2005.

484.2353 Report and recommendations.

Sec. 353. The commission shall issue a report and make recommendations to the legislature and the governor on or before January 1, 2007 involving the issues, scope, terms, and conditions of interconnection of telecommunication providers with the basic local exchange service.

History: Add. 1995, Act 216, Imd. Eff. Nov. 30, 1995;—Am. 2005, Act 235, Imd. Eff. Nov. 22, 2005.

484.2353a Interconnection agreement; negotiation.

Sec. 353a. (1) When negotiating a successor interconnection agreement, unless the parties agree otherwise, the parties shall use an interconnection agreement which has been approved by the commission in the 3-year period immediately preceding the commencement of negotiations as the baseline document.

(2) If a party negotiating an interconnection agreement takes a position that the opposing party believes is contrary to a prior ruling of the commission in an arbitration proceeding, the opposing party may file a motion with the commission for a determination under this section. The motion shall be filed no later than 90 days from the commencement of negotiations. The commission shall rule upon the motion within 21 days of the date the motion is filed, and the commission shall determine the extent to which the issue may be relitigated.

History: Add. 2005, Act 235, Imd. Eff. Nov. 22, 2005;—Am. 2011, Act 58, Imd. Eff. June 14, 2011.

A. JOINT MARKETING

484.2354 Repealed. 2005, Act 235, Imd. Eff. Nov. 22, 2005.

Compiler's note: The repealed section pertained to prohibited actions by provider of basic local exchange service.

B. SERVICE UNBUNDLING

484.2355 Service unbundling and separate pricing.

Sec. 355. (1) A provider of basic local exchange service shall unbundle and separately price each basic local exchange service offered by the provider into the loop and port components and allow other providers to purchase such services on a nondiscriminatory basis.

(2) Unbundled services and points of interconnection shall include at a minimum the loop and the switch port.

History: Add. 1995, Act 216, Imd. Eff. Nov. 30, 1995;—Am. 2005, Act 235, Imd. Eff. Nov. 22, 2005.

484.2356 Co-location with other providers.

Sec. 356. A provider of local exchange service shall allow and provide for virtual co-location with other providers at or near the central office of the provider of local exchange service of transmission equipment that the provider has exclusive physical control over and is necessary for efficient interconnection of the unbundled services. Providers may enter into an agreement that allows for interconnection on other terms and conditions than provided under this subsection.

History: Add. 1995, Act 216, Imd. Eff. Nov. 30, 1995.

C. RESALE OF LOCAL EXCHANGE SERVICE

484.2357 Basic local exchange services; availability for resale; wholesale rates; applicability of section.

Sec. 357. (1) A provider of local exchange service shall make available for resale on nondiscriminatory terms and conditions all basic local exchange services that on January 1, 1996 it is offering to its retail customers. Resale shall be provided on a wholesale basis.

(2) Except for restrictions on resale, a provider of local exchange service may include in its wholesale tariffs any use or class of customer restrictions it includes in its retail tariffs.

(3) A provider of local exchange service is not required to offer for resale either of the following:

(a) A package of services where basic local exchange service is jointly marketed or combined with other services, or for any promotional or discounted offering of basic local exchange service.

(b) Services for which the provider does not have existing facilities in place to serve the intended end user, or any service offered for the first time subsequent to March 1, 1996.

(4) Each provider of local exchange service shall file tariffs with the commission which set forth the wholesale rates, terms, and conditions for basic local exchange services. The wholesale rates shall be set at levels no greater than the provider's current retail rates less the provider's avoided costs.

(5) Wholesale rates shall not be less than the provider's total service long run incremental cost of the services.

(6) This section does not apply after December 31, 2007.

History: Add. 1995, Act 216, Imd. Eff. Nov. 30, 1995;—Am. 2005, Act 235, Imd. Eff. Nov. 22, 2005.

D. NUMBER PORTABILITY

484.2358 "Number portability" defined; requirements.

Sec. 358. (1) As used in this section, "number portability" means the capability for a local exchange customer at a particular location to change providers of basic local exchange service without any change in the local exchange customer's telephone number, while preserving the full range of functionality that the customer could obtain by changing telephone numbers.

(2) A provider of basic local exchange service shall provide number portability. The commission shall, consistent with federal law, enforce number portability, number administration, number reclamation, and number assignment between regulated and unregulated providers.

History: Add. 1995, Act 216, Imd. Eff. Nov. 30, 1995;—Am. 2005, Act 235, Imd. Eff. Nov. 22, 2005.

E. TERMINATION RATES

484.2359 Termination of local traffic; establishment of rate charge; agreement.

Sec. 359. (1) Except as otherwise provided by federal law, a provider of basic local exchange service shall establish a rate charge for other providers of basic local exchange service for the termination of local traffic on its network as provided under section 352.

(2) This section does not prohibit providers of basic local exchange service from entering into an agreement to provide for the exchange of local traffic on other terms and conditions. Any compensation arrangements agreed to between providers under this subsection shall be available to other providers with the same terms and conditions on a nondiscriminatory basis.

History: Add. 1995, Act 216, Imd. Eff. Nov. 30, 1995;—Am. 2005, Act 235, Imd. Eff. Nov. 22, 2005.

F. DIRECTORY ASSISTANCE

484.2360 Repealed. 2005, Act 235, Imd. Eff. Nov. 22, 2005.

Compiler's note: The repealed section pertained to directory assistance rate.

G. ATTACHMENT RATES

484.2361 “Attachment” and “usable space” defined; rates, terms, and conditions for attachments.

Sec. 361. (1) As used in this section:

(a) “Attachment” means any wire, cable, facility, or other apparatus installed upon any pole or in any duct or conduit, owned or controlled, in whole or in part, by a provider.

(b) “Usable space” means the total distance between the top of a utility pole and the lowest possible attachment point that provides the minimum allowable grade clearance and includes the space which separates telecommunication and power lines.

(2) A provider shall allow and establish the rates, terms, and conditions for attachments by another provider, cable service, or an educational institution establishing a telecommunication system under section 307.

(3) The rates, terms, and conditions shall be just and reasonable. A rate shall be just and reasonable if it assures the provider recovery of not less than the additional costs of providing the attachments, nor more than an amount determined by multiplying the percentage of the total usable space, or the percentage of the total duct or conduit capacity, which is occupied by the attachment, by the sum of the operating expenses and actual capital costs of the provider attributable to the entire pole, duct, or right-of-way.

(4) An attaching provider or cable service shall obtain any necessary authorization before occupying public ways or private rights-of-way with its attachment.

(5) A public utility that directly provides a regulated telecommunication service or cable service shall establish the rates, terms, and conditions for attachments as provided under this section.

(6) This section shall not be construed to limit the commission's authority to regulate the rates, terms, and conditions of attachments upon poles or in ducts or conduits owned or controlled by utilities engaged in the transmission of electricity for light, heat, or power.

History: Add. 1995, Act 216, Imd. Eff. Nov. 30, 1995;—Am. 1997, Act 183, Imd. Eff. Dec. 30, 1997.

H. IMPUTATION

484.2362 Repealed. 2011, Act 58, Imd. Eff. June 14, 2011.

Compiler's note: The repealed section pertained to rates subject to certain conditions and limitations.

I. CUSTOMER DATA BASE

484.2363 Access to data bases.

Sec. 363. Providers of basic local exchange service shall allow access by other providers, on a nondiscriminatory basis and in a timely and accurate manner, to data bases, including, but not limited to, the line information data base (LIDB), the 800 data base, and other information necessary to complete a call within the exchange, either on terms and conditions as the providers may agree or as otherwise ordered by the commission.

History: Add. 1995, Act 216, Imd. Eff. Nov. 30, 1995.

ARTICLE 3B FEDERAL PROGRAMS

484.2375 Providers receiving federal universal service support for services provided to elementary and secondary schools; discounts.

Sec. 375. All providers of telecommunications services within this state that receive federal universal service support for telecommunications services provided to eligible elementary and secondary schools, under the telecommunications act of 1996, Public Law 104-104, 110 Stat. 56, shall provide those intrastate services at discounts equal to the discounts applicable for eligible interstate services.

History: Add. 1997, Act 95, Imd. Eff. Aug. 7, 1997.

484.2376 Providers receiving federal universal service support for services provided to libraries; discounts.

Sec. 376. All providers of telecommunications services within this state that receive federal universal service support for telecommunications services provided to eligible libraries, under the telecommunications act of 1996, Public Law 104-104, 110 Stat. 56, shall provide those intrastate services at discounts equal to the discounts applicable for eligible interstate services.

History: Add. 1997, Act 96, Imd. Eff. Aug. 7, 1997.

ARTICLE 4 UNREGULATED SERVICES

484.2401 Unregulated services generally.

Sec. 401. (1) Except as otherwise provided by law or preempted by federal law, the commission does not have authority over enhanced services, paging, cellular, mobile, answering services, retail broadband service, video, cable service, pay-per-view, shared tenant, private networks, financial services networks, radio and television, WATS, personal communication networks, municipally owned telecommunication system, 800 prefix services, burglar and fire alarm services, energy management services, except for state institutions of higher education the reselling of centrex or its equivalent, payphone services, interconnected voice over internet protocol service, and the reselling of an unlicensed telecommunication service. The services listed in this subsection shall not be considered part of basic local exchange service.

(2) The commission has authority over the telecommunication services specifically provided for in this act.

(3) This section does not modify or affect either of the following:

(a) The authority of a provider or the commission to act pursuant to or enforce 47 USC 251, 47 USC 252, any lawful and applicable tariff, or any state law, regulation, or order related to wholesale rights and obligations, including the rights and obligations of local exchange carriers to interconnect and exchange voice traffic.

(b) The payment of switched access rates or other intercarrier compensation rates, as applicable.

History: 1991, Act 179, Eff. Jan. 1, 1992;—Am. 1995, Act 216, Imd. Eff. Nov. 30, 1995;—Am. 2005, Act 235, Imd. Eff. Nov. 22, 2005;—Am. 2011, Act 58, Imd. Eff. June 14, 2011.

484.2402 Unregulated services; tariff.

Sec. 402. (1) A provider of an unregulated service may file with the commission a tariff which shall contain the information the provider determines to be appropriate regarding the offered service.

(2) The commission shall retain a tariff filed under this section and make all information contained in the tariff available to the public.

History: 1991, Act 179, Eff. Jan. 1, 1992.

484.2403 Impairing speed of connection to telecommunication emergency service.

Sec. 403. A provider of unregulated telecommunication services shall not at any time refuse, charge, delay, or impair the speed of the connecting of a person to a telecommunication emergency service.

History: 1991, Act 179, Eff. Jan. 1, 1992.

ARTICLE 5 PROHIBITED ACTIVITY

484.2501 Repealed. 1995, Act 216, Imd. Eff. Nov. 30, 1995.

Compiler's note: The repealed section pertained to providing harmful service.

484.2502 Provider of basic local exchange service; prohibited conduct; assurance of discontinuance.

Sec. 502. (1) A provider of a basic local exchange service shall not do any of the following:

(a) Make a statement or representation, including the omission of material information, regarding the rates, terms, or conditions of providing a service that is intentionally false, misleading, or deceptive. As used in this subdivision, "material information" includes, but is not limited to, a good faith estimate of all applicable fees, taxes, and charges that will be billed to the end-user, regardless of whether the fees, taxes, or charges are authorized by state or federal law.

(b) Charge an end-user for a subscribed service for which the end-user did not make an initial affirmative order. Failure to refuse an offered or proposed subscribed service is not an affirmative order for the service.

(c) If an end-user has canceled a service, charge the end-user for service provided after the effective date the service was canceled.

(d) Cause a probability of confusion or a misunderstanding as to the legal rights, obligations, or remedies of a party to a transaction by making an intentionally false, deceptive, or misleading statement or by failing to inform the customer of a material fact, the omission of which is deceptive or misleading.

(e) Represent or imply that the subject of a transaction will be provided promptly, or at a specified time, or within a reasonable time, if the provider knows or has reason to know it will not be so provided.

(f) Require the purchase of a regulated service of the provider as a condition of purchasing an unregulated service.

(g) If a bona fide dispute exists between a customer and the provider, disconnect the service to the customer before the resolution of that dispute.

(2) When the commission has authority to bring a proceeding for a violation of this section, the commission may accept an assurance of discontinuance of a method, act, or practice that is alleged to be unlawful under this section from the person who is alleged to have engaged, be engaging, or be about to engage in the method, act, or practice. The assurance of discontinuance is not an admission of guilt and shall not be introduced in any other proceeding. Unless rescinded by the parties or voided by the court for good cause, the parties to the assurance of discontinuance may enforce the assurance in circuit court. The assurance of discontinuance may include a stipulation for any of the following:

(a) The voluntary payment by the person for the cost of investigation.

(b) An amount to be held in escrow pending the outcome of an action.

(c) An amount for restitution to an aggrieved person.

History: Add. 1995, Act 216, Imd. Eff. Nov. 30, 1995;—Am. 2000, Act 295, Imd. Eff. July 17, 2000;—Am. 2005, Act 235, Imd. Eff. Nov. 22, 2005;—Am. 2011, Act 58, Imd. Eff. June 14, 2011.

484.2503 Use of unpublished telephone number from telephone caller identification service.

Sec. 503. A person who obtains an unpublished telephone number using a telephone caller identification service shall not do any of the following without the written consent of the customer of the unpublished telephone number:

(a) Disclose the unpublished telephone number to another person for commercial gain.

(b) Use the unpublished telephone number to solicit business.

(c) Intentionally disclose the unpublished telephone number through a computer data base, on-line bulletin board, or other similar mechanism.

History: Add. 1995, Act 216, Imd. Eff. Nov. 30, 1995;—Am. 2000, Act 295, Imd. Eff. July 17, 2000;—Am. 2011, Act 58, Imd. Eff. June 14, 2011.

484.2504 Repealed. 2011, Act 58, Imd. Eff. June 14, 2011.

Compiler's note: The repealed section pertained to filing small and minority owned telecommunication business participation plan.

484.2505 Switching to another telecommunications provider; authorization of end user required.

Sec. 505. (1) An end user of a telecommunications provider shall not be switched to another provider without the authorization of the end user.

(2) The commission shall issue orders to ensure that an end user of a telecommunications provider is not switched to another provider without the end user's oral authorization, written confirmation, confirmation through an independent third party, or other verification procedures subject to commission approval, confirming the end user's intent to make a switch and that the end user has approved the specific details of the switch. The order issued under this section shall require that all providers comply with the regulations established by the federal communications commission on verification procedures for the switching of an end user's telecommunications provider.

History: Add. 1998, Act 260, Eff. Oct. 1, 1998;—Am. 2005, Act 235, Imd. Eff. Nov. 22, 2005.

Popular name: Slamming

484.2506 Violation of MCL 484.2505 or MCL 484.2507; contested case; hearings; remedies and penalties; exception; finding of frivolous complaint or defense.

Sec. 506. (1) Upon the receipt of a complaint filed by a person alleging a violation of section 505 or 507, an end-user who has been switched to another provider or had services added in violation of section 505 or 507, or a provider who has been removed as an end-user's provider without the end-user's authorization, or upon the commission's own motion, the commission may conduct a contested case as provided under section 203. The commission shall create, and shall supply upon request, a form affidavit designed to enable an end-user to provide all information necessary to promote efficient resolution of complaints alleging a violation of section 505 or 507. Hearings conducted under this section shall comply with the following requirements:

(a) Hearings shall be conducted in a manner as to optimize expediency, convenience, and the ability of end-users to bring and prosecute, without the assistance of counsel, complaints alleging violations of section 505 or 507, while preserving the rights of the parties.

(b) If possible, the commission shall hold the hearing at a location near the end-user's residence or place of business.

(2) If the commission finds that a person has violated section 505 or 507 or an order issued under section 505 or 507, the commission shall order remedies and penalties to protect and make whole end-users and other persons who have suffered damages as a result of the violation, including, but not limited to, 1 or more of the following:

(a) Order the person to pay a fine for the first offense of not less than \$20,000.00 or more than \$30,000.00. For a second and any subsequent offense, the commission shall order the person to pay a fine of not less than \$30,000.00 or more than \$50,000.00. If the commission finds that the second or any of the subsequent offenses were knowingly made in violation of section 505 or 507, the commission shall order the person to pay a fine of not more than \$70,000.00. Each switch made in violation of section 505 or service added in violation of 507 shall be a separate offense under this subdivision.

(b) Order an unauthorized provider to refund to the end-user any amount greater than the end-user would have paid to an authorized provider.

(c) Order a portion between 10% to 50% of the fine assessed under subdivision (a) be paid directly to the customer who suffered the violation of section 505 or 507.

(d) Order an unauthorized provider to reimburse an authorized provider an amount equal to the amount paid by the end-user that should have been paid to the authorized provider.

(e) If the person is licensed under this act, revoke the license if the commission finds a pattern of violations of section 505 or 507.

(f) Issue cease and desist orders.

(3) Notwithstanding subsection (2), a fine shall not be imposed for a violation of section 505 or 507 if the provider has otherwise fully complied with sections 505 and 507 and shows that the violation was an unintentional and bona fide error notwithstanding the maintenance of procedures reasonably adopted to avoid the error. Examples of a bona fide error include clerical, calculation, computer malfunction, programming, or printing errors. An error in legal judgment with respect to a person's obligations under section 505 is not a bona fide error. The burden of proving that a violation was an unintentional and bona fide error is on the provider.

(4) If the commission finds that a party's complaint or defense filed under this section is frivolous, the commission shall award to the prevailing party costs, including reasonable attorney fees, against the nonprevailing party and their attorney.

History: Add. 1998, Act 259, Eff. Oct. 1, 1998;—Am. 2000, Act 295, Imd. Eff. July 17, 2000.

484.2507 Optional services; authorization of end-user.

Sec. 507. (1) A telecommunications provider shall not include or add optional services in an end-user's telecommunications service package without the express oral or written authorization of the end-user.

(2) Upon the receipt of a complaint filed by a person alleging a violation of this section or upon the commission's own motion, the commission may conduct a contested case as provided under section 203.

History: Add. 2000, Act 295, Imd. Eff. July 17, 2000.

ARTICLE 6

PENALTIES, REPEALS, AND EFFECTIVE DATES

484.2601 Remedies and penalties.

Sec. 601. If after notice and hearing the commission finds a person has violated this act, the commission shall order remedies and penalties to protect and make whole ratepayers and other persons who have suffered an economic loss as a result of the violation, including, but not limited to, 1 or more of the following:

(a) Except as provided in subdivision (b), the person to pay a fine for the first offense of not less than \$1,000.00 nor more than \$20,000.00 per day that the person is in violation of this act, and for each subsequent offense, a fine of not less than \$2,000.00 nor more than \$40,000.00 per day.

(b) If the provider has less than 250,000 access lines, the provider to pay a fine for the first offense of not less than \$200.00 or more than \$500.00 per day that the provider is in violation of this act, and for each subsequent offense a fine of not less than \$500.00 or more than \$1,000.00 per day.

(c) A refund to the ratepayers of the provider of any collected excessive rates.

(d) If the person is a licensee under this act, that the person's license is revoked.

(e) Cease and desist orders.

(f) Except for an arbitration case under section 252 of part II of title II of the communications act of 1934, chapter 622, 110 Stat. 66, attorney fees and actual costs of a person or a provider of less than 250,000

end-users.

History: 1991, Act 179, Eff. Jan. 1, 1992;—Am. 1995, Act 216, Imd. Eff. Nov. 30, 1995;—Am. 2000, Act 295, Imd. Eff. July 17, 2000.

484.2602 Repealed. 2011, Act 58, Imd. Eff. June 14, 2011.

Compiler's note: The repealed section pertained to passing attorney costs to customers.

484.2603 Repeal of acts and parts of acts.

Sec. 603. The following acts and parts of acts are repealed:

<u>Year of Act</u>	<u>Public Act Number</u>	<u>Section Numbers</u>	<u>Compiled Law Sections (1979)</u>
1883	72		484.51
1913	206	1 to 3f	484.101 to 484.103f
		4 to 11a	484.104 to 484.111a
		12 to 14	484.112 to 484.114
		19 to 24	484.119 to 484.124
		26	484.126
1913	383		469.491 to 469.493

History: 1991, Act 179, Eff. Jan. 1, 1992.

484.2604 Repealed. 2008, Act 52, Imd. Eff. Mar. 28, 2008.

Compiler's note: The repealed section pertained to repeal of act effective December 31, 2009.

484.2605 Repealed. 1995, Act 216, Imd. Eff. Nov. 30, 1995.

Compiler's note: The repealed section pertained to effective date of the act.

ARTICLE 7

TELECOMMUNICATION SERVICE DUTIES

484.2701 Repealed. 2005, Act 235, Imd. Eff. Nov. 22, 2005.

Compiler's note: The repealed section pertained to rates charged for telecommunication service provided to end-user.

STATE OF MICHIGAN
BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

* * * * *

In the matter of establishing compliance)
and rate requirements for the hearing-)
and speech-impaired under the Michigan)
Telecommunications Act.)
_____)

Case No. U-10086

At the May 6, 1992 meeting of the Michigan Public Service Commission in Lansing,
Michigan.

PRESENT: Hon. Steven M. Fetter, Chairman
Hon. Ronald E. Russell, Commissioner
Hon. John L. O'Donnell, Commissioner

OPINION AND ORDER

The Michigan Telecommunications Act, 1991 PA 179 (Act 179), MCL 484.2101 et seq. became effective January 1, 1992. Section 315 of Act 179 provides that the Commission shall require that a single, statewide relay system for hearing- and speech-impaired persons be established. That section also delineates specific requirements and conditions for the establishment of the relay system. Specifically, calls must be billed as if they had not been placed through the relay center; coin-telephone calls going through the system must be collect, credit card, or bill-to-third-party; and the Commission must establish a rate mechanism for cost recovery. Section 315(2) permits each provider of basic local exchange service to determine whether to provide a relay service on its own, jointly with other basic local exchange providers, or by contract with other telecommunications providers. Finally, the

Commission must appoint a three-person advisory board to assist in administering this section of Act 179.

On March 13, 1990, the Commission issued an order in Case No. U-9117. In that order, the Commission required telephone companies to establish, within 18 months of the order, a single, statewide relay system that would permit reasonable access to the state's switched telecommunications network for hearing- and speech-impaired persons. The Commission ordered Michigan Bell to take the lead in instituting the relay system, and provided mechanisms to fund its operation. The Commission also created a three-person advisory board, consisting of one representative each from the Commission, the Michigan local exchange carrier (LEC) industry, and the hearing- and speech-impaired community, to assist in planning and running the relay system. The relay system and advisory board are both in operation today. The relay system operates 24-hours-per-day, seven-days-per-week; it provides toll free access; calls are billed as if they had not been placed through the relay center but, rather, directly between originating and terminating customer premises equipment (CPE); it handles both intrastate and interstate calls; it handles calls to "700" and "800" numbers, but not to "900" and "976" numbers; and any coin-telephone calls processed through the system are cash, collect, credit card, or bill-to-third-party calls.

Section 315(5) of Act 179 states that a provider may offer discounts on toll calls where a text-telecommunications device (TTD) is used, and precludes the Commission from prohibiting discounts on toll calls placed through a telecommunications relay service. In its March 13, 1990 order in Case No. U-9117, the Commission ordered that calls placed through the relay system be ineligible for toll discounts for hearing- and speech-impaired customers. The Commission reasoned that the operation of the system, including billing for calls as if they

were not going through the relay center, already provides a discount. That portion of the Commission's order is superseded by the legislation.

In Case No. U-9117, the Commission required continuing reconciliations of costs and revenues for the relay system. Act 179 is silent on this issue, although Section 315(6) requires the Commission to establish rates that recover costs incurred by a provider of the relay service. It would appear, then, that the reconciliations ordered by the Commission in Case No. U-9117 are reasonable and will permit appropriate cost recovery. Thus, the companies should continue to file reports reconciling the amounts funded with the amounts expended. This report should be filed on April 1 of each year and should cover the previous calendar year period. The report should also include a proposal to deal with any over- or under-recovery of monies.

In Case No. U-9117, the Commission rejected free distribution of TTDs for the deaf because it would greatly increase the cost of the relay system. At that time, the Commission reasoned that system users should provide their own CPE, as do other users of the public switched network. The issue of the provision of TTDs is addressed by 1981 PA 405 (Act 405), which states that a telephone company shall sell or lease telecommunications equipment to the deaf or severely hearing-impaired at the actual purchase cost of the equipment to the telephone company. Act 405 also permits customers who lease the equipment to apply lease payments toward the purchase of the equipment. Furthermore, Act 405 directs the Commission to establish a rate recovery mechanism that permits telephone companies to recover their costs in selling or leasing telecommunications equipment. Similarly, Act 179 requires telephone companies to make TTDs available at cost to those who are deaf or severely hearing- or speech-impaired and to public safety answering points. Thus, both Act 179 and

Act 405 fully address the issue of providing TTD equipment to deaf and speech- and hearing-impaired customers by each provider of basic local exchange service at cost.

In Case No. U-9117, the Commission created an advisory board to assist in the design and operation of a relay system. The Commission indicated that it would appoint all three members of the Board, acting on recommendations from the LEC industry and from the hearing- and speech-impaired community, and it would appoint one representative from the Commission or Commission staff. Members would serve at the pleasure of the Commission. The only advisory board members who would be reimbursed for meeting expenses would be those who are not employees of state government or of a public utility company. The board's reasonable expenses would be covered by the relay system provider.

As indicated earlier in this order, Act 179 also requires the establishment of a three-person advisory board, to include representatives from the hearing- and speech-impaired community, the LEC industry, and the Commission to assist the telephone companies in administering the provisions of Section 315 of Act 179. Act 179 also broadens the responsibility of the board by directing it to investigate and make recommendations on the hiring of "a reasonably prudent number of people" from the hearing- and speech-impaired community to work in the provision of a telecommunications relay service. The Commission concludes that the advisory body created in Case No. U-9117 is consistent with the requirements of Act 179. Therefore, this board should be retained to carry out its previous duties as well as assume the additional responsibilities contained in Act 179.

As indicated earlier in this order, Section 315(6) of Act 179 provides that the Commission shall establish a rate for each subscriber line to allow the provider to recover costs incurred in establishing the relay system. In its March 13, 1990 orders in Cases Nos. U-9385 and

U-8987, the Commission addressed the funding mechanism for Michigan's telecommunications relay system. For GTE, in Case No. U-9385, the Commission authorized funding for a dual party relay system in the annual amount of \$1,457,000. For Michigan Bell, in Case No. U-8987, the Commission ordered the funding of the relay system at a level of \$1 million annually, from April 1, 1990 through November 29, 1991. The Commission further provided that funding will increase by \$2 million increments each on November 29, 1991 and on May 29, 1992. As of November 30, 1992, the relay system is to be funded at a level of \$7 million annually.

At this time, the independent telephone companies are absorbing the cost of the relay system for their customers. If the companies want to establish formal funding, they may file an application under the procedures prescribed by Act 179.

Based on the foregoing discussion, the Commission finds that Michigan's telecommunications relay system for the hearing- and speech-impaired complies with the requirements of Act 179.

Finally, on July 26, 1990, the Americans with Disabilities Act (ADA) was signed into law. The ADA prohibits discrimination against the disabled in employment, public services, and public accommodations. Title IV of the law requires that all common carriers provide telecommunications relay service for deaf and hearing- and speech-impaired persons.

The Commission has reviewed the requirements of the ADA and finds that Michigan's relay program meets or exceeds those requirements. Therefore, Michigan Bell should take the lead in applying for FCC certification.

The Commission FINDS that:

a. Jurisdiction is pursuant to 1991 PA 179, MCL 484.2101 et seq.; 1919 PA 419, as amended, MCL 460.51 et seq.; and the Commission's Rules of Practice and Procedure, 1979 Administrative Code, R 460.11 et. seq.

b. Providers of basic local exchange service should continue to provide at cost a TTD for each individual who qualifies under Act 179.

c. Providers of basic local exchange service should continue to provide a telecommunications relay system enabling a TTD user to communicate with a voice telephone user. This service should continue to be provided through the Michigan Relay Center established as a result of the Commission's March 13, 1990 order in Case No. U-9117.

d. The three-person advisory board created by the Commission in Case No. U-9117 should continue to carry out its current duties as well as assume the additional duties incorporated in Act 179. The board should make its first report to the Commission by December 31, 1992 and annually thereafter.

e. Rates and charges for calls placed through the relay system should not exceed the rates and charges of similar calls made directly between originating and terminating telecommunications equipment.

f. The funding mechanisms for cost recovery of the relay system established by the Commission in Case No. U-9117 should remain in place unless and until it is determined that they are overrecovering or not adequately recovering costs.

g. Michigan's telecommunications relay system is in compliance with the requirements of Title IV of P.L. 101-336, the Americans with Disabilities Act, and, therefore, Michigan Bell should take the lead in applying for certification of the system by the FCC.

THEREFORE, IT IS ORDERED that:

A. In compliance with Act 179, local exchange companies shall continue to provide relay services for the hearing- and speech-impaired as ordered in the Commission's March 13, 1990 order in Case U-9117.

B. Local exchange companies shall file an annual report to reconcile the funding with the expenses of the relay system. This report shall be filed on April 1 of each year and shall cover the previous calendar year. The first report shall be filed by June 1, 1992.

The Commission reserves jurisdiction and may issue further orders as necessary.

Any party desiring to appeal this order must do so in the appropriate court within 30 days after issuance and notice of this order, pursuant to MCL 462.26.

MICHIGAN PUBLIC SERVICE COMMISSION

/s/ Steven M. Fetter
Chairman

(S E A L)

/s/ Ronald E. Russell
Commissioner

/s/ John L. O'Donnell
Commissioner

By its action of May 6, 1992.

/s/ Dorothy Wideman
Its Executive Secretary

STATE OF MICHIGAN
BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

* * * * *

In the matter, on the Commission's own motion,)
to require local exchange carriers to implement)
a program to distribute text-telecommunications)
devices for the deaf, in compliance with the)
Michigan Telecommunications Act.)

Case No. U-10210

At the November 6, 1992 meeting of the Michigan Public Service Commission in Lansing,
Michigan.

PRESENT: Hon. Steven M. Fetter, Chairman
Hon. Ronald E. Russell, Commissioner
Hon. John L. O'Donnell, Commissioner

**ORDER ADOPTING THE RECOMMENDATIONS OF
THE MICHIGAN RELAY CENTER ADVISORY BOARD**

In its March 13, 1990 order in Case No. U-9117, the Commission required telephone companies to establish, within 18 months of the order, a single, statewide relay system that would permit reasonable access to the state's switched telecommunications network for persons who are hearing- or speech-impaired. The Commission ordered Michigan Bell Telephone Company to take the lead in instituting the relay system, and provided mechanisms to fund its operation. The Commission also created a three-person Michigan Relay Center (MRC) Advisory Board, consisting of one representative each from the Commission, the Michigan local exchange carrier (LEC) industry, and the hearing- and speech-impaired

11-06-92

community, to assist in planning and running the relay system. The relay system and advisory board are both in operation today.

In Case No. U-9117, the Commission rejected the idea of free distribution of text-telecommunications devices for the deaf (TDDs) because it would greatly increase the cost of the relay system. At that time, the Commission reasoned that system users should provide their own customer premises equipment, as do other uses of the public switched network. The issue of the provision of TDDs is also addressed by 1981 PA 405 (Act 405), which states that a telephone company shall sell or lease telecommunications equipment to the deaf or severely hearing-impaired at the actual purchase cost of the equipment to the telephone company. Similarly, Section 315(1) of the Michigan Telecommunications Act, 1991 PA 179 (Act 179), MCL 484.2101 et seq., provides:

"The commission shall require each provider of basic local exchange service to provide a text telephone-telecommunications device for the deaf at costs to each individual who is certified as deaf or severely hearing- or speech-impaired by a licensed physician, audiologist, or qualified state agency, and to each public safety answering point as defined in section 102 of the emergency telephone service enabling act, Act No. 32 of the Public Acts of 1986, being section 484.1102 of the Michigan Compiled Laws." [MCL 484.2315(1).]

Consistent with this requirement, on October 9, 1992, the MRC Advisory Board recommended that the Commission issue an order directing the implementation of a program to distribute TDDs with the following minimum features:

- 1) Four-row keyboard (top row is for numbers only)
- 2) Bright 20-character display
- 3) Built-in 24-character printer
- 4) AC adapter with rechargeable battery
- 5) Baudot code (45.5 baud)

- 6) ASCII code (110 and 300 bauds) to make TDDs compatible with computers
- 7) Modular jacks for direct connection to eliminate environmental noise interruption
- 8) 8K memory for sending prepared messages and receiving messages
- 9) 4 message buffers
- 10) Keyboard dialing with directory
- 11) Capacity to add auto-answering feature after purchase
- 12) Two-year warranty
- 13) Two-year payment plan with no interest

The MRC Advisory Board further recommended that any options or additional features above the cost of the minimum features be the purchaser's responsibility at the difference in the retail price and not be included in the payment plan. Finally, the MRC Advisory Board recommended that the Commission encourage each LEC to have an alternative TDD model available at the lowest reasonable cost under the same payment plan to individuals who cannot afford the full-featured model.

The Commission finds that the MRC Advisory Board's recommendations are reasonable and in the public interest. Accordingly, the Commission finds that they should be adopted.

The Commission FINDS that:

a. Jurisdiction is pursuant to 1991 PA 179, MCL 484.2101 et seq.; 1969 PA 306, as amended, MCL 24.201 et seq.; and the Commission's Rules of Practice and Procedure, R 460.17101 et seq.

b. The MRC Advisory Board's recommendations regarding the implementation of a program to distribute TDDs are reasonable and in the public interest, and should be adopted.

c. Each LEC should make available, at the lowest reasonable cost under the same payment plan, an alternative TDD model to individuals who cannot afford the full-featured model.

THEREFORE, IT IS ORDERED that:

A. The Michigan Relay Center Advisory Board's recommendations regarding the implementation of a program to distribute text-telecommunications devices are adopted.

B. Each provider of basic local exchange service shall implement a program to distribute text-telecommunications devices following the recommendations adopted in this order.

The Commission reserves jurisdiction and may issue further orders as necessary.

Any party desiring to appeal this order must do so in the appropriate court within 30 days after issuance and notice of this order, pursuant to MCL 462.26.

MICHIGAN PUBLIC SERVICE COMMISSION

(S E A L)

/s/ Steven M. Fetter
Chairman

By its action of November 6, 1992.

/s/ Ronald E. Russell
Commissioner

/s/ Dorothy Wideman
Its Executive Secretary

/s/ John L. O'Donnell
Commissioner

STATE OF MICHIGAN
BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

* * * * *

In the matter of the complaint of the)
MICHIGAN PUBLIC SERVICE COMMISSION)
STAFF against AMERITECH MICHIGAN.)
_____)

Case No. U-10672

At the October 12, 1994 meeting of the Michigan Public Service Commission in Lansing, Michigan.

PRESENT: Hon. John G. Strand, Chairman
Hon. Ronald E. Russell, Commissioner
Hon. John L. O'Donnell, Commissioner

ORDER APPROVING SETTLEMENT AGREEMENT

Ameritech Michigan¹ operates the Michigan Relay Center (MRC) for deaf, hard of hearing, and speech-impaired persons. In its March 13, 1990 order in Case No. U-9117, the Commission required a reconciliation of the costs and revenues for the MRC. On April 1, 1994, Ameritech Michigan filed its 1993 Advisory Board Annual Report.

On September 2, 1994, the Commission Staff (Staff) filed a complaint against Ameritech Michigan. In its complaint, the Staff stated that it had audited Ameritech Michigan's report and discovered that the company has a substantial overcollection of revenue for 1993. The Staff claimed that because access lines are expected to increase, it is unlikely, with the present level and method of funding, that expenses will equal or exceed revenues absent a

¹Ameritech Michigan is an assumed name under which Michigan Bell Telephone Company does business.

Commission order. As a result, the Staff alleged that Ameritech Michigan will remain in a permanent overrecovery position.

The Staff further alleged that Ameritech Michigan entered into a contract with Ohio Bell Telephone Company (Ohio Bell), its affiliate, for the use of the MRC by Ohio Bell. The Staff claimed that Ameritech Michigan undercharged Ohio Bell in excess of \$1,000,000. According to the Staff, Ameritech Michigan's action of extending more favorable terms to an affiliate violates Section 305(1)(p) of the Michigan Telecommunications Act.

The Staff and Ameritech Michigan subsequently entered into a settlement agreement, attached as Exhibit A to this order. Among other things, the settlement provides that Ameritech Michigan's overrecovery through December of 1993 for its operation of the MRC and the claimed underrecovery through July of 1994 from Ohio Bell total \$1.773 million. Ameritech Michigan agrees to input that amount as a revenue entry in the 1994 reconciliation report, which will be filed on April 1, 1995. Ameritech Michigan will also reduce by 4¢ per access line the rate for the MRC, which is included in the monthly basic local exchange rate. That reduction will become effective concurrently with any other rate alteration approved by the Commission in 1994, but it will not appear as a separate line item on customers' bills. Ameritech Michigan further agrees that services for the deaf, hard of hearing, and speech-impaired persons that are provided to an affiliate will be priced on the same terms and conditions offered to other local exchange carriers.

The Commission FINDS that:

a. Jurisdiction is pursuant to 1991 PA 179, MCL 484.2101 et seq.; 1969 PA 306, as amended, MCL 24.201 et seq.; and the Commission's Rules of Practice and Procedure, R 460.17101 et seq.

b. The settlement agreement is reasonable and in the public interest, and should be approved.

THEREFORE, IT IS ORDERED that the settlement agreement, attached as Exhibit A, is approved.

The Commission reserves jurisdiction and may issue further orders as necessary.

Any party desiring to appeal this order must do so in the appropriate court within 30 days after issuance and notice of this order, pursuant to MCL 462.26.

MICHIGAN PUBLIC SERVICE COMMISSION

/s/ John G. Strand
Chairman

(S E A L)

/s/ Ronald E. Russell
Commissioner

/s/ John L. O'Donnell
Commissioner

By its action of October 12, 1994.

/s/ Dorothy Wideman
Its Executive Secretary

STATE OF MICHIGAN
BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

* * *

In the matter of the complaint of)	
MICHIGAN PUBLIC SERVICE COMMISSION)	Case No.
STAFF against AMERITECH MICHIGAN)	U-10672

SETTLEMENT AGREEMENT

Michigan Bell Telephone Company (Ameritech Michigan) and the Michigan Public Service Commission Staff (Staff) enter into the following Settlement Agreement as a complete and final resolution of the complaint filed by the Staff in the above referenced case.

The terms and conditions of settlement are as follows:

1. Ameritech Michigan acknowledges that it has been served with a copy of the complaint filed by Michigan Public Service Commission Staff in Michigan Public Service Commission Case No. U-10672. Ameritech Michigan further acknowledges that the Michigan Public Service Commission Staff has standing to file the complaint and that the Michigan Public Service Commission has the requisite jurisdiction over Ameritech Michigan to resolve this complaint.

2. The parties stipulate and agree that execution of this Settlement Agreement will not prejudice that party's prenegotiation position and does not constitute an admission by that party as to the substance or the validity of the other party's position in this proceeding.

3. Pursuant to MPSC Case Nos. U-9117 (March 13, 1990) and U-10086 (May 6, 1992), Ameritech Michigan provides a deaf relay system in Michigan and is

entitled to recover its costs associated with providing that service. Staff claims Ameritech Michigan has over recovered its costs for that service.

4. Pursuant to MPSC Case Nos. U-8816 and U-8987, Ameritech Michigan provides a Lifeline service to low income customers to ensure that qualifying customers are able to receive basic telephone service. Ameritech Michigan files annual Lifeline reports with the Michigan Public Service Commission.

5. Ameritech Michigan agrees to file on April 1 of every year, commencing in 1995, a report on Deaf Relay Services and a report on Lifeline Services. These reports will be entitled "Deaf Relay Service Reconciliation of Revenues and Expenses - Report for the Year ____" and "Lifeline Services Reconciliation of Revenues and Expenses - Report for the Year ____" and will provide a full disclosure of all revenues and expenses incurred on an annual basis for the provision of the two services. Ameritech Michigan will work with the Staff to develop the precise accounting and documentation for the format and reporting of the revenues and expenses for provision of these services. The purpose of these Reports is to ensure that all revenues and costs of each of these two services are appropriately identified, and to enable an annual reconciliation, including the possibility of a combined net reconciliation, of those revenues and costs to determine if any future adjustments to Ameritech Michigan's customer rates are required.

6. The parties stipulate and agree that in an effort to resolve the issues in this complaint - the claimed over recovery through December of 1993 by Ameritech Michigan for its operation of the Deaf Relay system, and the alleged under recovery through July 1994 from Ameritech Ohio combined to equal \$1.773 million dollars - Ameritech Michigan will input the amount of \$1.773 million as a revenue entry in the 1994 Deaf Relay Service Reconciliation of Revenues and Expenses Report which will be filed with the Michigan Public Service Commission on April 1, 1995. In

addition, Ameritech Michigan will file on April 1, 1995 a Lifeline Service Reconciliation of Revenue and Expenses Report.

7. The parties stipulate and agree that Ameritech Michigan will reduce by 4¢ per access line the rate for the Deaf Relay Service which is included in the monthly basic local exchange rate. This reduction will become effective concurrently with any other rate alteration approved by the Commission this year but will not appear as a separate line item on the bill.

8. Ameritech Michigan will immediately cease and desist from any pricing arrangements for deaf relay services offered to an affiliate that differ from the pricing arrangements offered to local exchange carriers.

9. Ameritech Michigan agrees that it will ensure in future contracts for the provision of Deaf Relay Services that those services provided to an affiliate, such as Ameritech Ohio, will be priced on the same terms and conditions as services provided to other local exchange carriers.

10. Staff withdraws any request for interest, fines or penalties associated with this complaint.

11. The parties stipulate and agree that if the Commission does not accept this Settlement Agreement without modification, to be evidenced by incorporating this Settlement Agreement with the Commission's order by reference, restatement or attachment, that the Settlement Agreement shall be withdrawn and shall not constitute any part of the record or be used for any purpose whatsoever.

12. It is the opinion of the Staff and Ameritech Michigan that this Settlement Agreement will aid the expeditious resolution of the matters involved and will minimize the time and expense which would otherwise have to be devoted to this matter by the Commission and parties. This Settlement Agreement represents an equitable resolution of the complaint filed by the Commission Staff against Ameritech Michigan concerning the cost/revenue calculations related to the

provision of Deaf Relay services. The new reconciliation process will improve the administration of both the Deaf Relay and Lifeline services and will provide a common basis for addressing associated revenue and expenses for these programs. The commencement of the reduction to the basic local exchange service in the manner identified in Paragraph 7, effective with any future rate alteration approved by the Commission this year, addresses the instant disagreement related to the funding of Deaf Relay Services and puts in place a mechanism for any future adjustments to customers bills.

This Settlement Agreement is agreed to and signed by the parties on the date indicated.

**MICHIGAN PUBLIC SERVICE
COMMISSION STAFF**

By 

Dated: September 29, 1994

**AMERITECH MICHIGAN
*Michigan Bell Telephone Company***

By 

Dated: September 28, 1994

STATE OF MICHIGAN
BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

* * * * *

In the matter, on the Commission's own motion,)
to require local exchange carriers to implement a)
program to distribute teletypewriters for the deaf,)
hard-of-hearing, and speech-impaired, in compliance)
with the Michigan Telecommunications Act.)
_____)

Case No. U-10210

At the November 26, 1996 meeting of the Michigan Public Service Commission in Lansing,
Michigan.

PRESENT: Hon. John G. Strand, Chairman
 Hon. John C. Shea, Commissioner
 Hon. David A. Svanda, Commissioner

**ORDER ADOPTING THE RECOMMENDATION OF
THE MICHIGAN RELAY CENTER ADVISORY BOARD**

In its March 13, 1990 order in Case No. U-9117, the Commission required telephone companies to establish a statewide relay system that would permit reasonable access to the state's switched telecommunications network for persons who are deaf, hard-of-hearing, or speech-impaired. The Commission also created a three-person Michigan Relay Center (MRC) Advisory Board, consisting of one representative each from the Commission, the Michigan local exchange carrier (LEC) industry, and the deaf, hard-of-hearing, and speech-impaired community, to assist in planning and running the relay system. The relay system and advisory board are both in operation today.

The issue of the provision of teletypewriters (TTYs) is addressed by Section 315(1) of the Michigan Telecommunications Act, 1991 PA 179, as amended by 1995 PA 216, which states:

The commission shall require each provider of basic local exchange service to provide a text telephone-telecommunications device for the deaf at costs to each individual who is certified as deaf or severely hearing- or speech-impaired by a licensed physician, audiologist, or qualified state agency, and to each public safety answering point as defined in section 102 of the emergency telephone service enabling act, Act No. 32 of the Public Acts of 1986, being section 484.1102 of the Michigan Compiled Laws.

MCL 484.2315(1); MSA 22.1469(315)(1).

In its November 6, 1992 order in Case No. U-10210, the Commission approved a recommendation of the MRC Advisory Board directing the implementation of a program to distribute TTYs. That order required that providers of basic local exchange service provide at cost a full-featured TTY model meeting minimum feature requirements, a two-year warranty, and a two-year payment plan with no interest. That order also encouraged each LEC to have an alternative TTY model available at the lowest reasonable cost under the same payment plan to individuals who could not afford the full-featured model.

Consistent with the above requirements and to keep consistent with newer technologies, on November 5, 1996, the MRC Advisory Board recommended that the Commission issue an order directing the implementation of a program to distribute TTYs at cost that considers technological advances in teletypewriter models because some models may become obsolete. The MRC Advisory Board further recommends that TTY models offered at cost remain reasonably priced so as not to burden the consumer or providers of basic local exchange service who will provide the units at cost.

Therefore, the MRC Advisory Board recommends that both low-end and higher-end TTY models be made available at cost, carry a two-year warranty, and provide a two-year payment plan option with no interest.

The Commission FINDS that:

- a. Jurisdiction is pursuant to 1991 PA 179, as amended by 1995 PA 216, MCL 484.2101 et seq.; MSA 22.1469(101) et seq.; 1969 PA 306, as amended, MCL 24.201 et seq.; MSA 3.560(101) et seq.; and the Commission's Rules of Practice and Procedure, 1992 AACR, R 460.17101 et seq.
- b. LECs should provide at cost full-featured TTYs that reflect a balance between current technology and reasonable price.
- c. LECs should continue to provide an alternative TTY for individuals who cannot afford the full-featured model.

THEREFORE, IT IS ORDERED that:

- A. The Michigan Relay Center Advisory Board's recommendations regarding the implementation of a program to distribute teletypewriters are adopted.
- B. Each provider of basic local exchange service shall implement a program to distribute teletypewriters consistent with the recommendations adopted by this order.

The Commission reserves jurisdiction and may issue further orders as necessary.

Any party desiring to appeal this order must do so in the appropriate court within 30 days after issuance and notice of this order, pursuant to MCL 462.26; MSA 22.45.

MICHIGAN PUBLIC SERVICE COMMISSION

/s/ John G. Strand
Chairman

(SEAL)

/s/ John C. Shea
Commissioner

/s/ David A. Svanda
Commissioner

By its action of November 26, 1996.

/s/ Dorothy Wideman
Its Executive Secretary

STATE OF MICHIGAN
BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

* * * * *

In the matter of the application of)	
MICHIGAN RELAY CENTER ADVISORY BOARD)	
to allow the current telecommunications relay)	Case No. U-14458
system provider in Michigan to offer Captioned)	
Telephone Service.)	
_____)	

At the June 30, 2005 meeting of the Michigan Public Service Commission in Lansing,
Michigan.

PRESENT: Hon. J. Peter Lark, Chairman
Hon. Robert B. Nelson, Commissioner
Hon. Laura Chappelle, Commissioner

OPINION AND ORDER

On March 17, 2005, a majority of the Michigan Relay Center Advisory Board (the Board) submitted an application to allow the current telecommunications relay system (TRS) provider, which is SBC Michigan (SBC), the ability to offer enhanced access to switched telecommunications networks through the use of Captioned Telephone Service (CapTel) for the hearing impaired and handicapped.

On March 13, 1990, the Commission issued an order in Case No. U-9117 requiring telephone companies to establish a statewide relay system to permit those persons who are hearing impaired reasonable access to the switched telecommunications network. The Commission has since ordered appropriate upgrades in the system to keep pace with advances in technology for the hearing impaired. *See*, the November 26, 1996 order in Case No. U-10210.

The current application asks the Commission to approve CapTel technology, which allows for hearing impaired persons to receive caption displays while simultaneously allowing for auditory reception to the extent possible for those with a hearing disability.

The CapTel technology has been adopted by 26 other states. Based on this experience, it is estimated that the additional cost in the first year will be \$0.01 per line per month through the cost recovery mechanism provided in Section 315 of the Michigan Telecommunications Act (MTA), MCL 484.2315.

In the Commission's March 29, 2005 order in this case, the Commission requested comments from interested persons on the application. The Commission permitted comments to be filed no later than April 12, 2005. The Commission received comments from the Telecommunications Association of Michigan (TAM), Verizon North Inc. and Contel of the South, Inc., d/b/a Verizon North Systems (Verizon), the Michigan Department of Labor and Economic Growth, Division of Deaf and Hard of Hearing, and 20 members of the public. All comments favored granting the application.

In addition, Verizon commented that the Commission should implement a streamlined process to ensure that the TRS provider recovers the associated costs, without over recovering those costs. Verizon states that such a process could be incorporated into the current reporting process.

TAM suggests that the Commission issue an order in this case authorizing all basic local exchange service providers to implement an increase in rates corresponding to the increase estimated by the Board, without the necessity of individual providers petitioning for rate increases to cover the increased amount. TAM also states its concern that all basic local exchange service providers be required to provide TRS. It states that if competitive local exchange carriers

(CLECs) are not required to provide this service, then incumbent local exchange carriers (ILECs) are at a competitive disadvantage, due to the extra costs involved.

The Commission finds that it should adopt the Board's proposal to upgrade the TRS system to include CapTel service, and to increase the charge to basic local exchange service providers as requested in the application. The CapTel enhancement will permit some individuals to use TRS that are not currently able to do so. Moreover, the additional cost per service line appears to be reasonable.

The Commission is not persuaded that significant changes in the present system of reporting and reconciling costs and revenues need to be adopted. By April 1 of each year, SBC shall file an annual report to reconcile the funding revenues with the expenses incurred for the relay system. In the report filed by April 1, 2006, SBC shall include a review of the implementation process for CapTel, detailing how many customers requested and received the CapTel service, recurring and one-time implementation costs, as well as any customer satisfaction measurement metrics that may be available to SBC for the CapTel service. Annual reports will be subject to Commission Staff (Staff) review and audit. If there is reason to believe that the TRS provider charge should be altered, or other changes should be required, the Staff or SBC may file an appropriate proceeding before the Commission.

As to TAM's concerns that ILECs are at a competitive disadvantage, the Commission finds no support in the statute for finding that CLECs are not required to provide TRS. The statute provides that the Commission "shall require each provider of basic local exchange service" to provide TRS. MCL 484.2315(1) and (2). There is no statutory language excepting CLECs from this requirement. If TAM is aware of a CLEC that has failed to provide TRS, it may take appropriate action to challenge that behavior before the Commission.

Finally, the Commission rejects TAM's request that the Commission authorize all basic local exchange service providers to increase their rates to compensate for the increased charge per access line from the TRS provider. To grant that request would essentially grant a single issue rate increase, a concept that the Commission has historically eschewed. Not all providers would require the increase, and those that do may apply for approval pursuant to the provisions of the MTA.

The Commission FINDS that:

- a. Jurisdiction is pursuant to 1991 PA 179, as amended, MCL 484.2101 *et seq.*; 1969 PA 306, as amended, MCL 24.201 *et seq.*; and the Commission's Rules of Practice and Procedure, as amended, 1999 AC, R 460.17101 *et seq.*
- b. The Board's proposal to enhance TRS with CapTel should be approved.

THEREFORE, IT IS ORDERED that the application to allow the use of Captioned Telephone Service to enhance access by hearing impaired and handicapped individuals to switched telecommunications networks is granted.

The Commission reserves jurisdiction and may issue further orders as necessary.

Any party desiring to appeal this order must do so in the appropriate court within 30 days after issuance and notice of this order, pursuant to MCL 462.26.

MICHIGAN PUBLIC SERVICE COMMISSION

/s/ J. Peter Lark
Chairman

(S E A L)

/s/ Robert B. Nelson
Commissioner

/s/ Laura Chappelle
Commissioner

By its action of June 30, 2005.

/s/ Mary Jo Kunkle
Its Executive Secretary

Any party desiring to appeal this order must do so in the appropriate court within 30 days after issuance and notice of this order, pursuant to MCL 462.26.

MICHIGAN PUBLIC SERVICE COMMISSION

Chairman

Commissioner

Commissioner

By its action of June 30, 2005.

Its Executive Secretary



Jennifer M. Granholm
GOVERNOR

STATE OF MICHIGAN
PUBLIC SERVICE COMMISSION
DEPARTMENT OF LABOR & ECONOMIC GROWTH
KEITH W. COOLEY
DIRECTOR

Orjiakor N. Isiogu
CHAIRMAN

Monica Martinez
COMMISSIONER

Steven A. Transeth
COMMISSIONER

December 28, 2007

Honorable Jennifer M. Granholm
Governor of Michigan

Honorable Members of the Senate Energy Policy and Public Utilities Committee
Secretary of the Senate

Honorable Members of the House Energy and Technology Committee
Clerk of the House of Representatives

Pursuant to Section 315(13) of the Michigan Telecommunications Act (MTA), the Michigan Telecommunications Relay Center Advisory Board (MRC Board) submits the following report to the Governor and Legislature. This report includes information on the specific elements requested in the statute as well as other additional information that the MRC Board examined in order to provide a full and complete report. The report includes several attachments of relevant information referenced in this report.

The changing telecommunications industry presents unique challenges to Deaf/Hard of Hearing/Speech Impaired (D/HOH/SI) customers, whose service needs are specialized and can vary considerably even within similar sectors of the community. Different degrees of hearing loss and/or speech impairment may require very different technology solutions. This report has identified two main issues that face D/HOH/SI customers: equipment costs and a lack of information about available telecommunications services and equipment to assist the D/HOH/SI community.

While some members of the MRC Board would like to see changes to Michigan's equipment distribution program, the MRC Board is in agreement that it does not have any concrete evidence that changes are necessary and does not have any solid proposals before it to consider. While there are programs in other states that seem to have merit, the larger questions of what entity would administer any new program and where does the funding come from have not been answered. It is not within this Board's purview to make those types of decisions. What the MRC Board has done is compile a wealth of information on this issue to present to the Legislature for their consideration.

December 28, 2007

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While all customers face what can be a confusing array of products and service providers, the specialized needs of D/HOH/SI customers and limitations that may exist in their ability to shop at retail outlets point to a need for a central source of focused information. Having a comprehensive list of products and services available from a trusted source, whether it's a state agency or non-profit organization, would help D/HOH/SI customers make informed choices. The MRC Board will work with the Michigan Public Service Commission (MPSC) to coordinate an effort that includes relevant state agencies (MPSC, Division of Deaf and Hard of Hearing, Department of Information Technology), representatives of the D/HOH/SI community and representatives of the telecommunications industry to designate a place where D/HOH/SI citizens can go to find information to assist them in purchasing telecommunications equipment and services. The MRC Board will continue to monitor these and other related issues on a going forward basis and bring to the attention of the Commission and Legislature any issues that may require legislative action.

Sincerely,

Orjiakor N. Isiogu, Chairman
Michigan Public Service Commission

Michigan Telecommunications Relay
Center Advisory Board
Report to the Legislature

January 2008

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Impaired Communities

Michigan Relay Center Advisory Board Members

- William Earl, representing Speech Impaired Consumers
- Richard Wolfe, Comcast, representing Telecommunications Providers
- Paul Fuglie, Verizon, representing Telecommunications Providers
- Diana McKittrick, representing Deaf Consumers
- Brenda Stimson Neubeck, representing Hard of Hearing Consumers
- Scott Stevenson, Telecommunications Association of Michigan, representing Telecommunications Providers
- David Piasecki, AT&T Michigan, representing Telecommunications Providers
- Orjiakor N. Isiogu, Chair and representing the Michigan Public Service Commission (part-year)
- Robin Ancona, Chair and representing the Michigan Public Service Commission (part-year)
- Vacancy - Director of the Division of Deaf and Hard of Hearing

Executive Summary

Pursuant to Section 315(13) of the Michigan Telecommunications Act (MTA), the Michigan Telecommunications Relay Center (MRC) Advisory Board (MRC Board) submits the following report to the Governor and Legislature. This report includes information on the specific elements requested in the statute as well as other additional information that the MRC Board examined in order to provide a full and complete report. The report includes several attachments of relevant information referenced in this report.

The number of citizens in Michigan with some amount of hearing loss appears to be significant. Although hard data is not available, based on the MRC Advisory Board's research it is reasonable to assume that there are approximately 90,000 Deaf and 800,000 Hard of Hearing citizens in Michigan. No estimates are available for the number of Deafblind or Speech Impaired. Since the elderly (65 years old or more) are eight times more likely to have hearing problems, it is also reasonable to expect that the Hard of Hearing segment of the population will grow as the baby boom generation ages.

There is no single definition of what it means to be Deaf, Deafblind, Hard of Hearing or Speech Impaired (D/HOH/SI) as there are various degrees of each condition. The result is that the telecommunications services and equipment best suited to an individual's specific degree of hearing loss can vary widely. An example is amplification equipment for the Hard of Hearing. There are so many different models because of the need to provide the specific frequency for which compensation is needed, and not just simply raise the volume.

In Michigan, there are resources available to the D/HOH/SI community to help with the purchase of equipment and services. The qualification requirements vary with each program.

The Federal Communications Commission (FCC) currently mandates and regulates Telecommunications Relay Service (TRS) and Video Relay Service (VRS) in all states. The

FCC has not mandated any type of equipment provisioning at the customer level nor made available any subsidization program for individual customer equipment. While the FCC requires carriers to provide access to Teletypewriter (TTY) services to all telephone customers, there is no provision for assisting customers in obtaining free or subsidized specialized equipment should their income be below a certain level. The FCC also does not currently mandate Captioned Telephone Service (CapTel).

In Case No. U-10210, the Michigan Public Service Commission (MPSC) approved the establishment of a discounted TTY equipment distribution program which is still in effect today. In Case No. U-14458 issued in March 2005, the MPSC approved the offering of CapTel service in Michigan. The service is free to the user and the equipment is available at a significant discount. CapTel is funded by all of Michigan's incumbent local exchange carriers and most of its competitive local exchange carriers.

It has been suggested that a significant impediment to access is the need for the D/HOH/SI to purchase additional specialized equipment to access telecommunications versus what the hearing population needs to purchase. There is clearly some equipment that is uniquely used by the D/HOH/SI to access telecommunications, *i.e.*, TTY's, specialized phones (CapTel, Voice Carryover Calls (VCO), amplified, Braille, alerting devices, and large screen displays). In the past, these types of equipment represented the only way that the D/HOH/SI could access telecommunications. However, in the past decade, the evolution of the high-speed Internet and wireless networks, along with the use of PCs and wireless devices, have increased the options of how everyone communicates. It is not surprising that the D/HOH/SI communities are relying more and more on text messaging and video messaging telecommunications technologies. These new technologies provide many qualitative benefits to the D/HOH/SI. The equipment needed to use these new technologies is essentially the same for all users. In many cases the D/HOH/SI

can purchase the same PCs and wireless devices as the hearing, and benefit from the price competition in that marketplace.

The changing telecommunications industry presents unique challenges to D/HOH/SI customers, whose service needs are specialized and can vary considerably even within similar sectors of the community. Different degrees of hearing loss and/or speech impairment may require very different technology solutions. This report has identified two main issues that face D/HOH/SI customers: equipment costs and a lack of information about available telecommunications services and equipment to assist the D/HOH/SI community.

While some members of the MRC Board would like to see changes to Michigan's equipment distribution program, the MRC Board is in agreement that it does not have any concrete evidence that changes are necessary and does not have any solid proposals before it to consider. While there are programs in other states that seem to have merit, the larger questions of what entity would administer any new program and where does the funding come from have not been answered. It is not within this Board's purview to make those types of decisions. What the MRC Board has done is compile a wealth of information on this issue to present to the Legislature for their consideration.

While all customers face what can be a confusing array of products and service providers, the specialized needs of D/HOH/SI customers and limitations that may exist in their ability to shop at retail outlets point to a need for a central source of focused information. Having a comprehensive list of products and services available from a trusted source, whether it's a state agency or non-profit organization, would help D/HOH/SI customers make informed choices. The MRC Board will work with the MPSC to coordinate an effort that includes relevant state agencies (MPSC, DDHOH, DIT), representatives of the D/HOH/SI community and representatives of the telecommunications industry to designate a place where D/HOH/SI

citizens can go to find information to assist them in purchasing telecommunications equipment and services. The MRC Board will continue to monitor these and other related issues on a going forward basis and bring to the attention of the MPSC and legislature any issues that may require legislative action.

Introduction

The genesis of the Michigan Telecommunication Relay Center (MRC) Advisory Board (MRC Board) “Report to the Legislature” on the ability of Deaf, Hard of Hearing, and Speech Impaired (D/HOH/SI) customers to access telecommunications services can be found in Section 315(13) of the Michigan Telecommunications Act, which states:

No later than January 1, 2008, the board shall conduct a study and report to the governor and the house and senate standing committees with oversight of telecommunication issues on the ability for deaf, hard of hearing, and speech-impaired customers to access telecommunication services. The report shall include, but is not limited to, activities by the commission to ensure reasonable access, impediments to access, identification of activities in other states to improve access, and recommendations for legislation, if any.

This statute enacted by the Michigan Legislature directs the MRC Board to assess not only activities undertaken by the Michigan Public Service Commission (MPSC) to ensure reasonable access to services but to examine impediments to access and to identify activities in other states to improve access. Further, the MRC Board is to provide recommendations, if any, to the legislature.

Although the statute identified certain specific areas to be addressed in the report, the legislature also noted that, “[T]he report shall include, but is not limited to, activities by the commission to ensure reasonable access...” Therefore, while all of the specific elements requested in the statute are addressed in this report, the MRC Board also considered other information that it determined should be examined in order to provide the legislature with a full and complete report.

As a result, the report includes additional sections that provide important information, about the D/HOH/SI communities, how they currently access telecommunications and what resources are currently available to them. The report also includes several attachments that contain detailed support for various information referenced in the report.

The section labeled “Description of the Deaf, Hard of Hearing and Speech Impaired in Michigan” includes information such as: the estimated population of the deaf and hard of hearing community, definitions of various levels of hearing loss, a description of the organizations that represent these groups and information regarding their culture.

The section labeled “Forms of Access,” along with the Attachment labeled “Forms of Access,” includes a significant amount of information regarding the various telecommunications services used by the D/HOH/SI communities. Included is information regarding how the services work, the availability of services, the cost of services, the equipment required, the cost of equipment, and some pros and cons for each. In addition the Attachment labeled “Descriptions & Prices of Various Equipment” is an extensive listing of equipment currently used by the D/HOH/SI community along with descriptions, prices and pictures.

The section on “Existing Resources” includes information regarding programs that are currently available in Michigan that provide financial or other assistance to members of the D/HOH/SI communities.

The section labeled “Other Activities” includes information about other events or technology changes that have recently occurred and that impact access.

The section labeled “Customer Survey” includes the findings of a survey of Michigan Deaf, Hard of Hearing and Speech Impaired customers conducted by the board for this report.

The report also includes an appendix. The descriptions are listed on the index. Included in the appendix is information that is referenced in the main body of the report.

Methodology Overview

This section provides a high level overview of the methodology and activities the board engaged in to complete this report. Additional detail regarding methodology is also contained in the specific sections of the report.

In approaching the task of completing the legislatively mandated report by January 1, 2008, the board initially drew upon the extensive experience and knowledge of its members. The MRC advisory board is comprised of nine members, four representing the Deaf, Hard of Hearing, and Speech Impaired communities, four from the telecommunications industry and one from the MPSC. The Board members are listed in the front of this report. In addition the board received extensive input and support from managers of the Michigan Relay Center, AT&T staff and MPSC staff.

The MRC advisory board sought out publicly available information such as reports, studies, surveys and descriptions of federal and state programs. In addition, the board also purchased Web access to information in a nationwide database (Telecommunications Equipment Distribution Program Association (TEDPA)) devoted to gathering information regarding state specific equipment distribution programs. The board also utilized the National Association of Regulatory Utility Commissioners (NARUC) as a vehicle to gather state specific information. The Telecommunications companies represented on the board that operate in other states were also used as a source of state specific information. The board also conducted a survey of the Michigan D/HOH/SI community as well as requesting input from the leaders of various organizations in Michigan that represent the D/HOH/SI communities.

A small working group was initially established and assigned the duty of gathering information. This group reported progress to the board at the first and second quarterly board meetings. After mid-year, the working group was expanded to include several board members as

well as additional MPSC staff. This group met regularly, reporting on the progress, identifying issues and additional information needs. The working group produced several drafts of the report, beginning in the fourth quarter, which were reviewed and revised by the board. The board approved the final version of the report at its December 10, 2007 board meeting. The result of all these efforts is reflected in this report.

Description of the Deaf, Deafblind, Hard of Hearing and Speech Impaired in Michigan

This section is intended to clarify what it means to be a member of the Deaf, Deafblind, Hard of Hearing and Speech Impaired communities. Included is information regarding population in Michigan, criteria used to define the different levels of hearing loss, culture and a listing of the formal advocacy organizations.

Deaf (D)

The term “Deaf” (with a capital ‘D’) refers to a group of people who share a language — American Sign Language (ASL) — and a culture.¹

The deaf or hard-of-hearing population has been estimated by the National Center for Health Statistics (NCHS) of the U.S. Department of Health and Human Services (DOHHS). According to their 1990 and 1991 Health Interview Surveys, approximately 20 million persons, or 8.6 percent of the total U.S. population 3 years and older, were reported to have hearing problems. Of that amount 0.9% or 2.1 million persons were considered deaf.

A study entitled “Demographic Aspects of Hearing Impairment”² produced out of the Center for Assessment and Demographic Studies within Gallaudet University³ includes the data from the DOHHS as well as data gathered from its student population. The information in the following two paragraphs is a summary of some of the information contained in this report.

Deaf need not be totally deaf. Since there is no legal definition of deafness comparable to the legal definition of blindness, ‘deaf’ and ‘deafness’ can have a variety of meanings. These

¹ According to the author of *Deaf in America: Voices from a Culture*, “The members of this group have inherited their sign language, use it as a primary means of communication among themselves, and hold a set of beliefs about themselves and their connection to the larger society.”

² <http://gri.gallaudet.edu/Demographics/factsheet.html>

³ Gallaudet University is the world leader in liberal education and career development for deaf and hard-of-hearing undergraduate students. The University enjoys an international reputation for the outstanding graduate programs it provides deaf, hard-of-hearing, and hearing students, as well as for the quality of the research it conducts on the history, language, culture, and other topics related to deaf people.

can include: completely deaf in both ears, cannot hear or understand any speech, or at best, can hear & understand words shouted in the better ear. Note that the percentage of deaf people from the study quoted above of 0.9% includes all three of these definitions of deafness.

The elderly are more likely than any other age group to have hearing problems. Persons 65 years and older are eight times more likely to have some hearing loss than persons 18-34 years old. Specifically, 3.4 percent of the population ages 18-34 have hearing loss, compared to 29.1 percent of the population 65 and older.

More current national population estimates for the Deaf and Hard of Hearing than the 1991 NCHS study could not be found. No credible population estimates could be found for the Deafblind or the Speech Impaired.

No state specific or local estimates of the hearing impaired populations were available because the sample households in the NCHS national surveys were not selected to be representative of states and localities. This is unfortunate, since the allocation of resources and administration of services for this population are generally at the state and local level. In addition, it was found that the U.S. Bureau of the Census has not included a question on hearing impairment since 1930, and no plans have been announced to include a question in the future.

The Hearing Loss Association of Michigan Web site does report that 1.4M out of 9.3M Michigan residents have a hearing loss, or 15% of the Michigan population. The source of this estimate was not available. For purposes of this report, we believe it is reasonable to assume that somewhere between 9% and 15% of the Michigan population are affected by some degree of hearing loss.

Since actual state specific data was not available, the Division on Deaf and Hard of Hearing (DODHH) in the Michigan Department of Labor and Economic Growth developed an estimate. They used 2005 Michigan population data from the Census and the 1991 NCHS

estimates of the percent deaf and percent hard of hearing. The results of this analysis indicate that given Michigan's total population of 10.1 million, 8.6 percent or 867,000 people would be expected to have experienced some hearing loss. They further estimate that of these 867,000 people in Michigan approximately 1 per cent or 91,000 are Deaf. The 776,000 would be classified as Hard of Hearing. This analysis was repeated for each county in Michigan. A breakdown of the total population, and estimates of those with hearing loss by county is included as Attachment A.

The Deaf community is represented by the following organizations:

- Michigan Deaf Association (MDA)
- Michigan Deaf and Hard of Hearing Coalition
- Division on Deaf and Hard of Hearing
- EHDI (Early Hearing Detection and Intervention)

Deafblind (DB)⁴

Deafblindness is sometimes known as dual sensory impairment or multi-sensory impairment and is more than a combination of visual and hearing impairments. Deafblind people may not be totally deaf and totally blind. Some, though, have nearly complete loss of both senses. As with the word "Deaf," it can be capitalized to indicate that it is a culture; some prefer the spelling "Deafblind." Deafblind people have an experience quite distinct from people who are only deaf or only blind.

The Deafblind communicate in many different ways determined by the nature of their condition, the age of onset, and what resources are available to them. For example, someone who grew up deaf and experienced vision loss later in life is likely to use sign language (in a

⁴ Information obtained from the following Web sites: <http://www.deafblind.com/> and <http://en.wikipedia.org/wiki/Deafblindness>.

visually-modified or tactual form). Others who grew up blind and later became deaf are more likely to use a tactile mode of their spoken/written language. Methods of communication include:

- Use of residual hearing (speaking clearly, hearing aids) or sight (signing within a restricted visual field, writing with large print).
- Tactile signing – sign language or a manual Tactile signing — sign language or a manual alphabet such as the American Manual Alphabet, or Deafblind Alphabet (also known as “two-hand manual”) with tactile or visual modifications.
- Interpreting services (such as sign language interpreters or communication aides)
- Communication devices such as Tellatouch.

No population estimates were found for the Deafblind.

The Deafblind are represented by the following organizations:

- Self Help for Independence Equals Deafblind (SHIM=DB)
- Michigan Deaf and Hard of Hearing Coalition
- Division on Deaf and Hard of Hearing

Hard of Hearing (HOH)

The term “hard of hearing” (HOH) refers to those who have a hearing loss but not so severe as to be classified as Deaf. The HOH have some hearing, are able to use it for communication purposes, and feel reasonably comfortable doing so.

As described above the number of people classified as Hard of Hearing are estimated to be seven times as large as the Deaf population. Obviously the degree of hearing loss can vary significantly for this group and thus the services and equipment used by this group to access telecommunications also varies significantly.

The Hard of Hearing are represented by the following organizations:

- Hearing Loss Association of Michigan (HLA)
- AGBell Michigan Chapter
- Michigan Deaf and Hard of Hearing Coalition
- Division on Deaf and Hard of Hearing
- EHDI (Early Hearing Detection and Intervention)

Speech Impaired (SI)

Speech Impaired. Speech and language impairments are defined as disorders of articulation, fluency, voice and language that interfere with communication, preacademic or academic learning, vocational training or social adjustment. People with cerebral palsy, multiple sclerosis, muscular dystrophy, Parkinson's disease, and those who are coping with limitations from a stroke or traumatic brain injury may have speech disabilities.

The American Speech-Language-Hearing Association (ASHA) notes the following:

Effective communication skills are central to a successful life for all Americans. Communication disorders greatly affect education, employment, and the well-being of many Americans. Due to an apparent paucity of published data and peer-reviewed survey studies, it is difficult to assess the aggregate number of individuals in the U.S. who have speech, voice, and/or language disorders.⁵

According to the National Institute on Deafness and Other Communication Disorders, approximately one of every six Americans experiences some form of communication disorder. Some speech and communication problems may be genetic. Often, no one knows the causes. By first grade, about five (5) percent of children have noticeable speech disorders. Speech and language therapy can help.

In order to improve the quality of Telecommunication Relay Services, the FCC mandated that Speech-to-Speech (STS) Relay service be made available by March 2001. STS Relay provides access to telecommunications for some people who are speech impaired and would

⁵ Source: http://www.asha.org/members/research/reports/speech_voice_language.htm.

otherwise not have an opportunity to make a phone call. ASHA notes that although STS is not heavily utilized, it is used and appreciated by the speech impaired.

There are many groups that have some affiliation with speech impaired. Some of these include:

- American Speech Language and Hearing Association
- Michigan Speech Language and Hearing Association
- United Cerebral Palsy
- American Parkinson's Disease Association
- National MS Society
- The ALS Association
- Spasmodic Dysphonia Association
- National Aphasia Association

Forms of Access

In the previous section we explored what it means to be Deaf, Deafblind, Hard of Hearing or Speech Impaired. Since the purpose of this report is to assess the ability of the D/HOH/SI to access telecommunications services, in this section we look at how access to telecommunications is currently accomplished.

This section of the report includes a brief description of the most common services in use today by people with hearing loss to access telecommunications. Attachment B includes other relevant information about each service, such as:

- The level of hearing loss for which it is appropriate.
- Any specialized equipment that is required.
- The estimated costs for the service and or equipment if any.
- A list of providers for each service in Michigan.
- A list of pros and cons regarding each service.

Also included, as a reference, is Attachment C, which is an extensive listing of various equipment used by people with hearing loss, including descriptions, prices and pictures.

The devices and services described in this section, and in the two attachments, range from the very basic Tele Typewriter (TTY) and Telephone Relay Service (TRS) to more recent innovations such as Video Relay, Internet Relay (IP Relay), Captioned Telephone Service (CapTel) and Instant Messaging (IM) services.

Telecommunications Relay Service (TRS)

With traditional TRS, a person with a hearing or speech disability uses a special text telephone, called a TTY (*see* Attachment C), to call a communications assistant (CA) at the relay center. TTYs have a keyboard and allow people to type their telephone conversations. The text is read on a display screen and/or a paper printout. A TTY user calls a TRS relay center and types the number of the person he or she wishes to call. The CA at the relay center then makes a

voice telephone call to the other party to the call, and relays the call back and forth between the parties by speaking what a text user types, and typing what a voice telephone user speaks.

Traditional relay service has significantly declined over the past five years. Per the MRC's most recent annual report, traditional relay calls have dropped almost 38%, from over 1.6M in 2001 to about 1.0M in 2006. This is consistent with a national trend and is due to the increased availability of alternative forms of access, which do not have some of the drawbacks of Traditional TRS. Some also believe that a wireline based TRS service is necessary to assure access to E911 in an emergency.

Voice Carryover Calls (VCO)

A voice carryover call (VCO) is a special type of relay call made by using the traditional TRS relay service. This is most appropriate for use by persons with a hearing loss who speak in a way that is easily understood. They use a special VCO phone (*see* Attachment C) when they call the relay center. In a VCO call the calling party's voice is heard by the called party but the called party's voice is translated to text by the relay center CA and shows up on the calling party's VCO phone.

Hearing Carryover Calls (HCO)

A hearing carryover call (HCO) is another special type of relay call made by using the traditional TRS. This service can be used by the speech impaired who have the ability to hear and also the ability to type. A special HCO phone (*see* Attachment C) is used to place a call to the relay center. This device allows the caller to type their message, which is translated by the CA and relayed to the called party by the CA's voice. The calling party then hears the called party's response through the HCO phone.

Video Relay Service (VRS)

Video Relay Service (VRS) is an Internet-based form of TRS which allows persons whose primary language is American Sign Language (ASL) to communicate with the CA in ASL. The VRS caller, using a television or a computer with a video camera device and a broadband (high speed) Internet connection, contacts a VRS CA, who is a qualified sign language interpreter. They communicate with each other in sign language through a video link. The VRS CA then places a telephone call to the party the VRS user wishes to call. The VRS CA relays the conversation back and forth between the parties — in sign language with the VRS user, and by voice with the called party. No typing or text is involved. A voice telephone user can also initiate a VRS call by calling a VRS center.

Internet Protocol (IP) Relay Service

Today TRS users are only a mouse click away from a new TRS option called Internet Protocol (IP) Relay. IP Relay is accessed using a computer and the Internet, rather than a TTY and a voice line. Individuals who use IP Relay do not need to invest in a TTY; they simply use the computer to communicate by text. When conversing over IP Relay, people who are Deaf, Hard of Hearing, or have difficulty speaking can participate in a conference call or go online while holding a conversation. The first leg of an IP Relay call goes from the caller's computer, or other Web-enabled device, to the IP Relay Center via the Internet. The IP Relay Center is usually accessed via a Web page. The caller types in the number they would like to call on the screen. After the connection is made, the caller types their conversation, which is read by a CA. The second leg of the call, as with traditional TRS, is from the CA to the receiving party via voice telephone, where the CA voices what the caller has typed. The CA then types the response of the receiving party, which is read by the caller on their screen.

Captioned Telephone Service (CapTel)

CapTel or captioned telephone service is used by persons with a hearing disability but who have some residual hearing. It is an excellent alternative for people who can hear most of a phone conversation but sometimes miss a word or a number. Research indicates this is a much desired service in many states. It targets the much larger and growing Hard of Hearing population. CapTel allows people to receive written word-for-word captions of their telephone conversations. The user can read the words for clarification while listening to the voice of the other party. CapTel phone users place a call in the same way as dialing a traditional phone. As they dial, the CapTel phone (*see* Attachment C) automatically connects to a captioning service. When the other party answers, the CapTel phone user hears everything that they say, just like a traditional call. Behind the scenes, a specially trained operator at the CapTel Captioning Service transcribes everything the called party says into written text, using the very latest in voice-recognition technology. The use of voice recognition software results in dramatically increasing the speed of captioning versus traditional CA translating, as is done on VCO calls. The written text appears on a bright, easy-to-read display window built into the CapTel phone. The captions appear almost simultaneously with the spoken word, allowing the CapTel phone users to understand everything that is said — either by hearing it or by reading it.

Instant Messaging Service (IM)

Instant Messaging (IM) is a form of real-time communication between two or more people based on typed text. This is a relatively new technology/service that has been very popular with teenagers for several years. The text is conveyed via computers connected over a network such as the Internet. Instant Messaging (IM-ing) requires an instant messaging client, (*i.e.*, Yahoo!, MSN, AOL etc.) that connects to an IM service. IM-ing differs from e-mail in that conversations happen in real-time. You can IM with anyone on your buddy list or contact list as

long as that person is online. Each person types messages to the other person into a small window that shows up on both parties' screens.

Text Messaging Service

Text Messaging or Short Message System (SMS), or **texting** is the common term for the sending of “short” (160 characters or fewer) text messages, using the Short Message Service, from mobile phones. It is available on most digital mobile phones and some personal digital assistants with onboard wireless telecommunications. The most common application of the service is person-to-person messaging, but text messages are also often used to interact with automated systems, such as ordering products and services for mobile phones, or participating in contests.

Speech to Speech Relay Service (STS)

Speech to Speech Relay (STS) enables persons with a speech disability to make telephone calls using their own voice (or an assistive voice device). STS CAs are specially trained in understanding a variety of speech disorders, which enables them to repeat what the caller says in a manner that makes the caller's words clear and understandable to the called party. Often people with speech disabilities cannot communicate by telephone because the parties they are calling cannot understand their speech. People who stutter or have had a laryngectomy may also have difficulty being understood. A STS user would call the traditional relay center by dialing 711 and indicate they wish to make an STS call. The user is then connected to an specially trained STS CA who will repeat the speech impaired persons spoken words, making the spoken words clear to the other party. Persons with speech disabilities may also receive STS calls.

SITRIS

SITRIS is a Web assisted technology designed to allow people who have a variety of speech impairments to make standard telephone calls without the need for an AAC

(Augmentative Assistive Communications) device or any specialized software. Using SITRIS, a SI person can make calls to any phone: fixed or mobile from any Internet access point. The Web interface uses a text-to-speech engine to speak into the telephone; the user clicks on their personal stored phrases or types what they want to say while on the call. SITRIS text-to-speech voices are based on real people and offer the user the option to add emotional content. Located on the SITRIS servers, there is no delay; the response while on a call is instant. SITRIS can be used at home, at work, and in any Wi-Fi zone. It can be used to leave voice mail messages, order products and services, arrange meetings at work, and take part in conference calls. SITRIS can also be used locally through PC speakers to chat one to one.

Existing Resources in Michigan

This section includes information about existing financial resources that are available to members of the D/HOH/SI communities in Michigan. Contact information for all organizations and resources cited in this report are included in Attachment D.

Michigan Assistive Technology Loan Fund (ATLF)

The Michigan Assistive Technology Loan Fund allows people with disabilities and seniors (or their family members) to purchase assistive technology devices or services, including modification of vehicles and homes. Loans may also cover cost of training to use the purchased equipment, warranties, and service agreements. Assistive technology is defined as any item, piece of equipment, or device that enables an individual with a disability to improve individual independence and quality of life.

The Michigan Assistive Technology Loan Fund was established by the Michigan Disability Rights Coalition (MDRC) through a grant from the National Institute on Disability and Rehabilitation Research (NIDRR). MDRC joined with United Cerebral Palsy of Michigan, the Option 1 Credit Union and disability organizations throughout the state to offer this innovative program. Applicants must meet credit requirements established by the ATLF.

Michigan Association for Deaf and Hard of Hearing (MADHH)

MADHH provides Equipment Demonstration/Rental and Sales of AudioLoop Systems, Personal FMs, Audiovisual FM system, Text Teletype (TTY), Amplified Telephones, Flashing Smoke Detectors, Telephone Amplifiers, Door Alerts and Baby Cry Alarms through its Rental and Sales Programs.

MADHH also provides Equipment Distribution with Lions, a collaborative program with Lions Clubs throughout Michigan to distribute telecommunication devices, alerting devices and hearing aids to individuals who demonstrate financial and physical needs. Lion's funding ability

varies by chapters throughout the state. Some have adequate funds to honor requests, while others do not.

Michigan Rehabilitation Services

Michigan Rehabilitation Services' mission is to assist persons with disabilities to achieve employment and self-sufficiency. They collaborate with the disability community, business, education and human service partners to create inclusive opportunities so that all persons with disabilities have the choice to engage in meaningful work and enjoy independence.

Accommodations are provided during the rehabilitation process as well as working with prospective employers to provide hearing assistive devices for Deaf, Hard of Hearing and Speech Impaired populations seeking and maintaining employment. Retirees and seniors are generally ineligible for this program.

Michigan TTY distribution program

All basic local exchange providers in Michigan are required to provide TTYs to eligible customers at cost. AT&T's vendor currently offers a basic TTY for less than \$200 and an advanced TTY for about \$400. A two-year payment plan is also available. In addition the vendor is also offering, at cost, two models of amplified corded phones, a Caller Identification Display (CID) with speaker phone, an amplified cordless phone with CID and an amplified phone with talking CID & keyboard.

Michigan CapTel

On July 1, 2006, AT&T began offering CapTel service in Michigan which is available to all its customers. CapTel phones are provided for a limited time only for just \$99 (normally a retail value of \$495). This offer comes with a 90-day trial period, which guarantees that if the customer is not entirely happy with CapTel, the phone can be returned within three months for a full refund. CapTel became available in Michigan as a result of a MPSC order issued in 2005

that approved an application by the MRC Board to offer CapTel service in Michigan for use by hard of hearing individuals. Michigan residents interested in the CapTel service or products can call toll-free 1-800-233-9130 (V/TTY) or visit: <http://www.weitbrecht.com/statecaptel/MI.phtml>.

Lifeline Service

Lifeline service is a telephone assistance program available to qualifying low-income Michigan residents. All local wireline telephone service providers in Michigan are required to provide Link-Up and Lifeline. Link-Up reduces the installation charge for phone service by 50%, up to \$30. Lifeline provides a monthly discount toward basic local wireline telephone service. For eligible low-income customers under age 65, the average monthly discount is about \$10. Additional discounts apply for those who are 65 or older or those on federally recognized Tribal Land. Customers may be eligible if their household income is equal to, or lower than 150% of the federal income poverty level or if they participate in any of the following programs: Food Stamps, Medicaid, Low-income Home Energy Assistance Program, Supplemental Security Income, National School Free Lunch Program, Federal Public Housing, Family Independence Program, Bureau of Indian Affairs General Assistance Program, Head Start (income-qualified only), or Tribally Administered Temporary Assistance for Needy Families. Currently, the 150% of the federal income poverty level equals \$15,315 for a one-member household; \$20,535 for a two-member household; and for each additional household member, add \$5,220. Customers interested in qualifying for Lifeline should contact their local telephone company to apply.

Activities by the Michigan Public Service Commission to Ensure Reasonable Access

Section 315 of the MTA directs the MRC Board to report on activities previously taken by the MPSC to ensure reasonable access. The MRC Board reviewed all previous MPSC orders on this issue. In 1990, the Commission established a single state-wide relay system but rejected the idea of a free equipment distribution system for the deaf at that time. In 1992, the MPSC further ordered that all local carriers provide for the distribution of text-telecommunications devices at cost to eligible customers. The most recent action by the MPSC in 2005 allowed the use of Captioned Telephone Service to enhance access by hearing impaired and handicapped individuals to switched telecommunications networks.

In its March 13, 1990 order in Case No. U-9117, the MPSC required telephone companies to establish a single, statewide relay system that would permit reasonable access to the state's switched telecommunications network for persons who are hearing or speech impaired. The MPSC ordered Michigan Bell Telephone Company (now AT&T Michigan) to take the lead in instituting the relay system, and provided mechanisms to fund its operation. The relay system is funded by all of Michigan's incumbent local exchange carriers and most of its competitive local exchange carriers.

In the 1990 order, the MPSC rejected the idea of free distribution of text-telecommunications devices for the deaf. At that time, the MPSC stated that system users (Deaf/Hard of Hearing/Speech Impaired customers) should provide their own customer premises equipment, as do other users of the public switched network (telecommunications network).

At their October 9, 1992 meeting, the MRC Board recommended that the MPSC issue an order directing the implementation of a program to distribute Telecommunications Devices for the Deaf (TDDs). In addition, the board recommended that any options or additional features

above the cost of the minimum features be the purchaser's responsibility. The MRC Board also recommended that each Local Exchange Carrier have an alternative TDD model available at the lowest reasonable cost under the same payment plan to individuals who cannot afford the full-featured model.

In its November 6, 1992 order in Case No. U-10210, the MPSC ordered that the MRC Board recommendations regarding the implementation of a program to distribute text-telecommunications devices be adopted and that each provider of basic local exchange service implement a program to distribute text-telecommunications devices. This program is currently active.

At their March 17, 2005 meeting, the MRC Board submitted an application to allow the current telecommunications relay system (TRS) provider, AT&T Michigan, the ability to offer enhanced access to switched telecommunications networks through the use of Captioned Telephone Service (CapTel) for the hearing impaired.

On June 30, 2005, the MPSC issued an order in Case No. U-14458, which allows the use of Captioned Telephone Service to enhance access by hearing impaired and handicapped individuals to switched telecommunications networks.

A review of recent FCC orders related to TRS and similar services shows that the FCC primarily deals with the availability of services for the hearing impaired and not end user equipment. The FCC has not mandated any type of equipment provisioning at the customer level nor made available any subsidization program for individual customer equipment. For example, while the FCC requires carriers to provide access to TTY services to all telephone customers, there is no provision for assisting customers in obtaining free or subsidized specialized equipment should their income be below a certain level.

Attachment E is a description of past actions taken by the FCC regarding the assurance of access to telecommunications by the D/HOH/SI communities.

Activities in Other States to Improve Access

Overall Findings

The MRC Board's research indicated that two of the most actively discussed enhancements in other states with regard to improving access to telecommunications services for those with a hearing loss were Captioned Telephone Service (CapTel) and Equipment Distribution Programs (EDPs). Since Michigan has already implemented the CapTel service, the focus of the MRC Board's further research was on the EDPs in other states.

Methodology

The MRC Board availed itself of the resources of its Board member from the Michigan Commission on Disability Concerns and Division on Deaf and Hard of Hearing (MCDC/DODHH) as well as MPSC staff to obtain information from the Web site of Telecommunications Equipment Distribution Program Association (TEDPA),⁶ an organization that specializes in telecommunication equipment distribution programs for persons with disabilities. TEDPA conducts national surveys, and maintains data from states that have telecommunications equipment distribution programs and that participate in providing the information to TEDPA. The TEDPA data base had Web links to information for 30 states. TEDPA also listed some information for 10 other states such as "No Distribution Program" or TTY program or a phone number contact. With TEDPA as a starting point, DODHH obtained information from the Web site links as well as from calls to the listed phone number contacts of states currently offering EDPs. The board also purchased a membership to TEDPA in order to gain access to additional information. DODHH then compiled the data in a matrix form and shared it with the board. In total, the DODHH analysis identified and was able to gather specific

⁶ <http://www.tedpa.org/>

data on 16 states that have an EDP. The DODHH analysis also identified another 10 states that appear to have an EDP but were only able to obtain partial data from those states.

It appeared that the TEDPA data did not capture all the states that had EDP programs, because not all states provided data to TEDPA. As a result, a questionnaire was also sent to members of the NARUC, a non-profit organization that includes governmental agencies that are engaged in the regulation of utilities and carriers in the 50 states, requesting information regarding an equipment distribution program in their state. Twelve states submitted responses to the survey with two stating they had no EDP program. One additional state, New York, was identified as having an EDP program, although very few details were provided. It appeared to be a voluntary program set up by the ILEC for qualifying low income users.

Some additional research was done using contacts within the telecommunications industry which identified two more states, Virginia and Georgia that also have an EDP program.

Although the MRC Board was not able to find any single definitive source to determine exactly how many other states have an EDP, based on the research of the MRC Board, it was able to identify 29 states that appear to have some type of equipment distribution program (EDP).

Summary of State EDP Findings

A summary matrix showing key information for the 29 states referenced above is included as Attachment F. Below is a narrative summary of the major findings of the MRC Board's research of other states EDP programs. There are some commonalities among the state programs, but also many differences.

Establishment Dates – The EDPs identified in this analysis were primarily established during the 1980s and 1990s. The oldest was Connecticut in 1974 and the most recent was North Carolina in 2000.

How Established – In 94% of the 16 states that provided this information, EDPs were created as a result of legislative action. In some states, legislative action is required to make changes to the programs.

Administration and Oversight – In most programs, the state is very involved in both administration and oversight. State commissions are usually charged with the creation of a set of administrative rules governing the program. Public Utility Commissions are generally involved in the oversight of the program in the form of an annual audit or annual report. In some cases, there is also an advisory board of some kind involved in the process.

In some states, an outside, non-profit organization, chosen by the state and/or the advisory board, is designated as the administrator of the program. The administrator's responsibilities can include processing applications, distributing program benefits, and working with equipment vendors. Generally, the existing TRS provider is not the administrator. In some states, the state also acts as the administrator.

Types of Programs – Loan and vouchers are the two main types of programs. Some programs purchase equipment and then loan it out, with the state maintaining ownership. Others offer vouchers that qualified applicants can use to purchase equipment from approved vendors. Some programs offer both vouchers and loans. About half the states used loans and the other half had some form of program that results in customer ownership of the equipment.

Eligibility – Just about all states require proof of a hearing impairment and proof of residency. Having a landline phone is also a requirement in 50% of the states. Also 40% of states add a minimum age limit (*i.e.*, 3-6 years or more) and 40% set limits on income similar to lifeline requirements.

Benefit Limits – Program benefits are generally limited to only one piece of equipment every few years. In some cases, the applicant is responsible for a co-payment. Seventy-eight percent (78%) of the programs had some form of benefit limits.

Eligible Equipment – Some states offer a broad range of eligible equipment. Others offer a limited number of basic units. Wisconsin offers a voucher program with graduated benefit based on the degree of disability. Based on the survey, the most common (50% or more offered) categories of eligible equipment included: Amplified Phones, Cordless Phones, CapTel phones, In-Line Amplifiers, Speech Devices, TTYs, HCO phones, VCO Phones, Large Visual Displays, Braille Phones and Alerting Devices.

Training Available or Required – All states required or provided training regarding the proper use of the equipment.

Program Size – Information regarding program size, in terms of the annual budget, was not available in most cases. Data regarding program size was either provided or estimated based on public data for 10 of the states. Based on the MRC Board's research, the programs studied range in size from \$200,000 in Indiana and Pennsylvania to \$6 or \$7 million in California and Illinois.

Funding – About half of the programs are funded with a surcharge on landline phones. The other half are funded either through a surcharge or tax on all telecommunications connections (*i.e.*, wireless, VOIP, cable). Three states funded their EDP through the states general fund. Although information regarding surcharge size was not explicitly available in many cases, based on the MRC Board's research it appears that the amount of the monthly surcharge necessary to fund these programs, if all connections were included, would generally range from about \$.01 to \$.03. If only wirelines were surcharged, then the range would be from \$.02 to \$.08. The surcharge amounts depend on the number of connections that are surcharged

as well as the program size, which is dependent on the scope of the EDP program, the eligibility requirements and the number of beneficiaries.

EDPs in Illinois, Indiana and Wisconsin

In the course of the research it was discovered that equipment distribution programs currently exist in Illinois, Indiana and Wisconsin, but not in Ohio. Since these are nearby Midwest states, the MRC Board decided to take a closer look at the programs in these states. More in-depth information was gathered regarding these programs from MRC Board members who had personal experience with these programs or had contacts with telecommunications companies that operated in these states. These three states are good examples of three very different EDPs.

Illinois

The EDP in Illinois was established in 1988 through a legislative amendment to the Public Utilities Act. The act required that the Illinois Commerce Commission (ICC) amend the Illinois administrative code to define the rules of the program. Illinois has a total population of over 13 million with an estimated one million having some degree of hearing loss. The ICC appointed the Illinois Telecommunications Access Corp. (ITAC), a non-profit corporation, to administer the program. The program is governed by the ICC, the ITAC board of directors and an advisory council. An annual report to the ICC is required. Legislation is required to make a change to the program.

Funding and Program Size – The program is funded by a \$0.06 per line surcharge on all basic landlines. A rate equal to one fifth of the basic rate or \$0.012 is assessed on Centrex stations and five times the basic rate or \$0.30 is assessed on all PBX trunks. The surcharge is subject to adjustment each year based on the annual filing with the ICC. Wireless, cable and VOIP providers are not currently subject to the surcharge. Based on Illinois ILEC and CLEC

line counts from public FCC reports (7.5 million), it is estimated that the annual program size is in the area of \$7 million.

Eligibility – A customer must be an Illinois resident, have a working landline phone, and be certified as Deaf, Hard-of-Hearing, Speech-Disabled or Deafblind. There are no income or age restrictions.

Program Type and Eligible Equipment – The program allows for both vouchers and loans depending on the type of equipment. Vouchers are given for TTYs and amplified phones. Equipment available for loan is limited to CapTel phones, Braille Phones and TTYs with Large Video Display (LVD). For the ITAC Loan Program, ITAC owns and provides normal upkeep of the equipment. The Loan program covers repair and exchange services under circumstances of normal wear and tear. Any damage to equipment deemed to be “user abuse” is charged back to the user. The voucher program benefits are limited to one piece of equipment every four years.

Vendors and Selection Centers – Several vendors are approved by ITAC. There are also multiple section centers throughout the state that allow for testing and fitting equipment. These centers are generally the result of the state partnering with an existing social services center.

In addition to the Illinois EDP, financial assistance for the hearing impaired is available from the Illinois Assistive Technology Program (ITECH). It is a non-profit organization using grants from the Federal Department of Education as well as receiving dollars from a variety of state programs, such as the Department of Human Services and Rehabilitation services. This program is similar to the Michigan Assistive Technology Loan Fund.

Indiana

The Indiana EDP was enacted in 1996 through amended legislation to utilize the TRS surcharge at the sole discretion of Indiana Telephone Relay Access Corporation (InTRAC) to provide telecommunication devices to hearing impaired and speech-

impaired persons. The InTRAC is a not-for-profit corporation created by legislation and administered by the Board of Directors of the InTRAC. The Board of Directors of the InTRAC consists of seven (7) directors selected as follows: (A) Six (6) directors elected by the LEC members of the InTRAC; and (B) The director of the state office of deaf and hearing impaired services. An annual report to the Governor, General Assembly and IURC is required. Indiana has a total population of over 6 million and an estimated one-half million with hearing loss.

Funding and Program Size – The portion of total TRS funding that is directed to the EDP is estimated to equal about a \$.002 per connection surcharge on all landlines and wireless phones. Based on Indiana's connection counts for ILECs, CLECs and wireless of about seven million, it is estimated that the annual program size is in the area of \$200,000.

Eligibility – To qualify, an applicant must be a state resident and certified as Deaf, Hard of Hearing or Speech Impaired. Indiana also has an annual household income limit of \$65,000, based on state median income, and a minimum age requirement of six years of age.

Program Type and Eligible Equipment – It is a 100% loan program. The eligible equipment to be distributed is limited to five items: a TTY (Ultratec 4425), an amplified phone (Uniphone 1140), a VCO phone (Dialogue VCO), a D-Link & router, and a CapTel phone. Also offered is training and instructions on the equipment through local agencies. Replacement is only available when equipment stops functioning.

Vendors and Selection Center – Several vendors are approved.

Wisconsin

In the early 1990s, Wisconsin Association of the Deaf supported a deaf advocate group to promote discussions with the state regarding the implementation of a distribution or voucher program. Persons with mobility or speech limitations were not represented at these

implementation meetings. This advocacy group presented data to the Public Service Commission of Wisconsin (PSCW) and the Universal Service Fund Council (USFC) that showed the costs of various types of specialized equipment necessary for these individuals to use the telephone system. The PSCW and the USFC approved the creation of the Telephone Equipment Purchase Program (TEPP). The 1993 Wisconsin Act 496 authorized the PSCW to start collecting funding for the Universal Service Fund in 1994. (Sec. 196.218, Wis. Stats.) The USF funds the TEPP as well as several other programs. The purpose of TEPP is to help people with disabilities buy specialized equipment they need in order to use basic telephone services.

The Universal Service Fund Council (USFC) advises the PSCW on matters related to the development and administration of the USF programs. They set the budget and the benefit levels. The USFC is required to have a majority of consumer representatives and the disabled community has always had at least one representative on the USFC. The PSCW staff keeps all the records and conducts audits of the programs. The PSCW hired an outside vendor to verify and process certifications and issue vouchers.

Wisconsin has a total population of about 5.5 million and an estimated one-half million with hearing loss.

Funding and Program Size – TEPP is funded by a portion of the USF funding assessments. Assessments to individual companies are calculated by multiplying the assessment rates times qualifying revenues. The amount to be collected may be adjusted to address over or under collection in the prior period. Mid-budget adjustments may be made to reallocate revenues between programs or program costs to correct for projected shortfalls and surpluses.

The most current budget for TEPP is estimated in the area of \$2 million annually. Based on Wisconsin ILEC and CLEC line count of 3.3 million, it is estimated that the \$2 million annual program cost translates to a cost of approximately \$.05 per line per month.

Eligibility – The applicant must be a Wisconsin resident with a certified disability. There is no age or income limit for TEPP, but an individual can only get a voucher once every three years for the same disability.

Program Type and Eligible Equipment – Wisconsin’s EDP is a 100% voucher program.⁷ Wisconsin consumers own the equipment they purchase with a voucher. Voucher categories and Maximum Benefits amounts are listed in the table below. These amounts are set by the USFC and may be adjusted based on changes in the cost of equipment. For Hard of Hearing there is a maximum limit of \$125 every three years. For all other levels of hearing loss, there is a \$100 co-pay. If an eligible applicant cannot afford the \$100 co-pay, then there is a supplemental program called the Telecommunications Assistance Program (TAP). TAP is a program of the Office for the Deaf and Hard of Hearing. TAP is limited to persons in the categories of Deaf or severely hard of hearing and must reside in a low income household.

Maximum Benefits:

- H** – Hard of Hearing (voucher maximum \$125 and no co-payment required)
- D** – Severely Hard of Hearing or Deaf (voucher maximum \$800; TAP eligible)
- S** – Speech Impaired (voucher maximum \$1,600)
- M** – Mobility Impaired or Motion Impaired (voucher maximum \$1,600)
- L** – Severely Hard of Hearing or Deaf **and** Low Vision (voucher maximum \$2,500; TAP eligible)
- B** – Severely Hard of Hearing or Deaf **and** Blind (voucher maximum \$7,200; TAP eligible)

Eligible Equipment –

Vouchers can be used to purchase the following types of equipment:⁸

- TTY
- Amplified phone or handset
- TTY with Braille or large visual display
- Special modem
- VCO or HCo phone

⁷ TEPP general information <http://psc.wi.gov/thelibrary/publications/asstPgms/telecom17.pdf>

⁸ Equipment information <http://psc.wi.gov/consumerinfo/assistancePgms/tepp/teppSpecEquip.htm>

- Hands-free speaker phone
- Puff activator
- Phone signaling system
- Visual alert system
- Other specialized equipment as approved on an individual basis

Vendors – In Wisconsin, consumers can order equipment from local and out of state vendors, however, all vendors must meet TEPP vendor guideline.⁹ Consumers choose the equipment with the guidance of the vendor. The consumer buys the equipment with a voucher and the TEPP reimburses the vendor.

⁹ Wisconsin vendors http://psc.wi.gov/apps/tepp_vendors/default.aspx

Other Activities to Improve Access

On April 24, 2007, The Hearing Loss Association of America reached a consensus agreement with the wireless industry on increasing the accessibility of wireless telephones. Over the next few years, wireless providers will increase equipment options that offer more access to those with hearing loss by being hearing-aid-compatible (HAC), as well as working with cochlear implants and telecoils. This agreement is important as it was achieved without federal oversight. It is hoped that this cooperative effort will give consumers more choice in features, price and styles, keeping the technology fresh and new for consumers.

FCC Notice of Proposed Rulemaking: Hearing Aid Compatibility Requirements

On November 7, 2007, in its second Report and Order and Notice of Proposed Rulemaking, the FCC addressed two outstanding issues and requested input on several proposed changes to its hearing aid compatibility requirements. These rules are designed to ensure that persons with hearing disabilities have full access to digital wireless services.¹⁰

The FCC tentatively concluded that it should adopt a number of proposed rule changes set forth by representatives of the wireless industry and the Deaf and Hard of Hearing Communities in a “Joint Consensus Plan” submitted to the FCC in June 2007. The proposals in the Joint Consensus Plan include new requirements and deadlines for offering hearing aid-compatible handsets. This includes modifications to the current February 18, 2008 benchmark regarding the number of hearing aid compatible handsets that must be offered.

In addition, the Joint Consensus Plan recommends that the FCC: 1) require wireless operators and manufacturers to include in their portfolio of hearing aid-compatible handsets a certain number of new models and models with different levels of functionality, 2) adopt the

¹⁰ WT Docket Nos. 01-309 and 07-250, FCC 07-192

2007 version of the ANSI (American National Standards Institute) technical standard, and 3) impose new reporting obligations. The FCC's intent is to issue a Report and Order in advance of the February 18, 2008 benchmark, but stayed enforcement of that benchmark until April 18, 2008 in order to provide advance notification to manufacturers and service providers of revised requirements.

In addition, the Notice sought comments on the following issues:

- If hearing aid compatibility requirements continue to be effective in the rapidly-evolving wireless marketplace with new technologies and services.
- Whether the FCC should require independent cell phone retailers, those not owned or operated by wireless carriers, to make hearing aid-compatible phones available to consumers for in-store testing.
- Whether the FCC should change the de minimis exception, which exempts wireless service providers and equipment manufacturers that offer two or fewer digital handset models (per air interface) from the hearing aid compatibility rules.

The last two issues are the topic of renewed comments as the FCC reviewed the record compiled since 2005 and had decided not to change those rules based on the record.

FCC Report and Declaratory Ruling: Compensation of TRS Providers

In this Report and Declaratory Ruling (CG Docket No. 03-123, FCC 07-186, adopted 10/26/07), the FCC adopted new rate recovery methods for a variety of services available to members of the Deaf, Hard of Hearing and Speech Impaired Communities. The Multi-state Average Rate Structure Plan will more fairly reimburse providers, offering a predictable, fair and reasonable rate structure for services such as Video Relay, speech-to-speech services and TRS. The FCC also directed additional funding for outreach efforts to this underserved community.

Customer Survey

The MRC Board decided that as part of its research for this report it should gather input directly from the public. In an attempt to do that, a survey was conducted. A 24-question survey was developed through a joint effort of the MRC Board members and their staff. The survey was made available on a Web site that is designed for this purpose. Through various outreach efforts, the members of the board and staff that represent the hearing impaired community made it known to the hearing impaired community that the survey was online and they encouraged participation. In addition to being available in written form online, a video was made of the survey questions in ASL (American Sign Language) which was also available online. Finally, the survey was made accessible for Deafblind computer equipment.

The survey was made available in an online version for two months, September and October. A total of 228 responses were received.¹¹ An equal number of responses were not received for all questions. The results of the survey questions are included as Attachment G, Sheet 1.

A summary of some of the general results regarding the respondents:

- 61% were 50 or older.
- 67% had some college or more.
- 67% were from either a one or two person households.
- About 42% were hard of hearing, 48% deaf, 8% speech impaired and 2% Deafblind.
- 25% used TTYs, 22% Video Relay, 19% an amplification device, and 9% CapTel.
- 70% used a mobile device.
- 87% used their communications two or more times per day.
- 63% believed they were familiar with their rights to accessible communications and 72% were familiar with the organizations that represent them in Michigan.
- 73% purchased their equipment.
- 47% purchased equipment online or through a catalog versus 41% at a retail store.
- 65% said it is important to have access to telecommunications everywhere.
- 59% said they were satisfied with their current access to telecommunications.

¹¹ During that period there were 341 visits to the Zoomerang Web site, with 113 completed surveys. In addition we received 115 written survey responses which have been added to the on-line results.

- 68% said that more equipment options and more showrooms to test equipment would increase their level of satisfaction.
- 53% said they spent \$100 or less on specialized telecommunications equipment in the past 12 months.
- 26% said they spent \$100 or less in the last 5 years while 31% said they spent more than \$500 in the last 5 years.
- 67% were aware of agencies in their area that provide services to the D/HOH/SI.
- 74% said they were not familiar with any programs that are available to help finance specialized telecommunications equipment.
- However, 67% said they were familiar with the discounted payment plan through the phone company.
- 85% have never been a resident of a state that had an equipment distribution plan (EDP).
- For those that were residents of a state that had an EDP, 52% said it enhanced access and 48% felt it did not.

In addition to the survey responses, Attachment G, Sheets 2-4, also includes optional comments submitted by 34 of the online respondents and 35 of the written respondents. A few of the more common themes were:

- Need for more information regarding what services or programs are available. (*i.e.*, CapTel, etc.)
- Need more information regarding available equipment and a convenient way to try it out. There are many equipment options but difficult to choose.
- Cost is an issue for low income users. (*i.e.*, equipment and high-speed Internet)
- Benefits should be based on ability to pay.
- Hearing aid compatible cell phone not available from all providers. Also need basic models without all the extra features.

Impediments to Access

The Board solicited input from Deaf, Deafblind, Hard of Hearing and Speech Impaired advocates in the form of letters explaining the challenges and needs within these Communities.

The Michigan Coalition for Deaf and Hard of Hearing People expressed concern over the cost of affordable access, with basic equipment such as amplified telephones costing three to five times the price of a non-amplified telephone.

The Michigan Commission for the Blind acknowledged the difficulty of addressing all the challenges facing their constituents in a letter, but also focused on the cost of communication devices. Additional costs for large print screens and Braille output equipment add an additional \$150 over the cost of a traditional TTY.

The Michigan Deaf Association, Inc. highlighted the need for high-speed Internet for home use of video phones and that the cost of broadband service is more than many deaf individuals can afford. Another primary concern was that TTY telephone devices are not readily accessible in public areas such as libraries, malls, governmental offices and expressway emergency telephones. Also mentioned was the concern that 911 calls go unanswered because dispatch operators hang up when they hear TTY noise. The Michigan Deaf Association emphasized it is not asking for a “Cadillac” solution to telecommunication access, but does support any attempt to improve access.

The full text of all letters received by the Board may be found in Exhibit H.

Available Information and Customer Education

Shopping for and selecting telecommunications equipment and services is becoming increasingly challenging as competition and technology have transformed the industry. This is true for all customers, whether they are D/HOH/SI or not. Rather than a negative, however, more choices and new technologies are a very positive development for customers. The services

offered today provide affordable means of communication to the D/HOH/SI community that did not exist just a few years ago.

Still, the specialized needs of D/HOH/SI customers require a particularly high level of knowledge of available options. It is very often not possible or practical for D/HOH/SI customers to shop for telecommunications services the way other customers do. Walking into the local retail outlet and querying the sales staff about features, pricing, and service plans when the staff people are not able to communicate with D/HOH/SI customers represents a significant obstacle in the purchase process.

Based on the research conducted by the Board, there does not seem to be a centralized source of consumer information aimed at D/HOH/SI customers that highlights the pros and cons of various service and technology choices. If a state agency or one of the organizations that represent D/HOH/SI customers were to work with the industry to create a comprehensive source of customer information, available both online and through other means, it would allow D/HOH/SI to make informed choices about the many options that are available today and will become available in the future.

Current Services are not sufficient to meet the needs of the D/HOH/SI

Currently, traditional TRS and VRS and Hearing aid compatible (HAC) wireless phones are regulated by the FCC. TRS and VRS are free services available to Deaf, Deafblind, Hard of Hearing and Speech Impaired persons in Michigan. Hard of hearing persons have access to compatible phones and, in some cases, will have to purchase the phone as well as a monthly service package.

Additional telecommunications services available at the state level in Michigan are CapTel and an equipment distribution program available to AT&T customers. The CapTel service is free and the CapTel phone is currently offered in Michigan for \$99. It is unknown

when the CapTel equipment vendor may return to the normal price of \$500. AT&T has made available, at cost, several TTYs and amplified telephones. Customers make their choice and the item is billed to their phone service without any interest rate.

The above services are not sufficient to meet the needs of Deaf, Deafblind, Hard of Hearing, and Speech Impaired populations. As communications technology advances, it is important that people with hearing loss not be left behind. Telecommunications devices are critical for home, community, workplace, and especially for emergency situations. A good example is the struggle hard of hearing people have accessing wireless phones that will work with their hearing aids. Recently, the Hearing Loss Association of America achieved an agreement with the wireless industry to ensure that at least 50% of their wireless products be hearing aid compatible (<http://www.hearingloss.org/advocacy/index.asp>). It is a start, but still not equal access. TTYs are outdated technology and many Deaf people are using computers to have faster access to telecommunications. One would question if it is fair to limit them to TTYs. Deaf, Deafblind, Hard of Hearing and Speech Impaired populations want to have the same access to communicating, have several options to choose from a vendor and be able to make an informed choice. One size does not fit all.

Example of typical services and equipment used by the D/HOH/SI

It has been proposed that an impediment to access for the D/HOH/SI is that these individuals are required to purchase additional specialized equipment to have the same access to telecommunications as the hearing. The following is a listing of the types of services and equipment that would be used by a typical D/HOH/SI person at home, at work and on the road.

Deaf

At Home:

- Some (mostly older generation Deaf) would have a TTY and use TRS.
- Younger generation Deaf download TTY software on their PC through services like nextalk.com to use TRS.
- Deaf people utilize Instant Messaging for one on one conversations, group chat, as well as Internet relay.
- Many Deaf people today use VRS with a video phone or a PC equipped with a camera and high-speed Internet access. Some may use both.
- Handheld pagers such as Blackberry and Sidekicks are used at home. Internet Relay through handheld pagers and PC are used at home as well.
- Visual and tactile alerting devices.

On the Road:

- Typically would have a cell phone using text messaging, e-mail and Instant Messaging.
- Deaf people can also access Internet relay on their hand-held pagers.
- They can also access a TTY on their handheld pagers if they downloaded the software on their device.
- Some may use mobile TTY device.

At Work:

- Visual and tactile alerting devices.
- Depending on the job, Deaf people can request to have a videophone installed at their place of employment per the ADA.
- Some people do have access to a TTY at work.
- Most Deaf people have communication access at work through their handheld pagers.
- Computers where they can access Internet Relay or Video Relay through their PC.

Hard of Hearing

At home:

- Amplification device.
- CapTel (may require installation of second telephone line).
- VCO phone.
- TTY, Uniphone.
- Visual and tactile alerting devices.
- Computer for Instant Messaging and e-mail.
- Hand held pagers or cell phone for text messaging and e-mail.

On the road:

- Cell phone with amplification device (neckloop).
- Device for Text Messaging, e-mail, and Instant Messaging.

At work:

- TTY
- Uniphone
- Amplified telephone
- VCO phone
- CapTel (May require installation of second telephone line.)
- Wireless device.
- Visual and tactile alerting devices.

Deafblind

At home:

- CapTel with USB to use LVD (May require installation of second line.)
- Braille TTY, large print TTY
- Computers with large print
- FSTTY (Freedom Scientific TTY)
- Screen Braille Communicator
- VRS with LARGE monitor or large screen TV
- Computer with large print program (Zoomtext, MAGic, etc.)

On the road:

- FSTTY or Screen Braille Communicator;
- Braille TTY
- Large print TTY
- Computer with large print program (Zoomtext, MAGic, etc.)
- Some can use handheld pager/text messenger device with large print

At work:

- CapTel with USB for LVD (May require installation of second line.)
- Braille TTY, large print TTY
- Computers with large print
- FSTTY or Screen Braille Communicator; Braille TTY
- Large print TTY
- Computer with large print program (Zoomtext, MAGic, etc.)
- Some can use handheld pager/text messenger device with large print

Speech Impaired

At home:

- STS relay, SITRIS

On the road:

- STS relay, SITRIS

At work:

- STS relay, SITRIS

Findings and Conclusions

The D/HOH/SI community – The number of citizens in Michigan with some amount of hearing loss appears to be significant. Although exact data is not available, based on the MRC Board's research it is reasonable to assume that there are approximately 90,000 Deaf and 800,000 Hard of Hearing citizens in Michigan. No estimates are available for the number of Deafblind or Speech Impaired. Since the elderly (65 years old or more) are eight times more likely to have hearing problems, it is also reasonable to expect that the Hard of Hearing segment of the population will grow as the baby boom generation ages.

There is no single definition of what it means to be Deaf, Deafblind, Hard of Hearing or Speech Impaired, as there are various degrees of each condition. The result is that the telecommunications services and equipment best suited to an individual's specific degree of hearing loss can vary widely. An example is amplification equipment for the Hard of Hearing. The reason there are so many different models is the need to match the specific frequency to the compensation needed, and not just simply raising the volume.

Communications Options – The D/HOH/SI have many more communications options available to them today than they did just a decade ago. Fortunately, many of the services and equipment required for these new options are either provided at no charge to the D/HOH/SI user, are available at a discount, or are similar in cost to what is paid by a hearing user.

Traditional TTY based relay service (TRS) has historically been the primary means used by the Deaf to access telecommunications services. In the last decade however, the popularity of Video Relay Service (VRS) from a home computer or a unit provided by a vendor with a high-speed Internet connection has increased significantly and has resulted in the significant decline in usage of TRS. Both the Video Relay Service and the related equipment are provided to the VRS user at no charge. In addition, several other new technologies, such as IP relay and Instant

Messaging from a home computer and text messaging from a wireless mobile device, have provided the Deaf with additional options for accessing telecommunications. Instant Messaging and text messaging are services that are also extensively used by the hearing population and require essentially the same equipment.

For people who are moderately Hard of Hearing, TRS service using a Voice Carryover Phone (VCO) has historically been a practical telecommunications option. This service however, has the undesirable requirement of a third-party CA, as well as the delay in the manual transcription of one side of the conversation. Depending on the degree of hearing loss, other options for the Hard of Hearing, such as an amplification device, may be all that is needed to use telecommunications services. CapTel service is a very popular new service that is targeted to the moderately hard of hearing, *i.e.*, those only needing help understanding some parts of conversations. This service is preferred over VCO in that the person can both hear the response of the called party and, at the same time, can read it from a display to verify any part of the conversation that was unclear. Although a third-party CA is still required, their presence is far less noticeable than with tradition relay.

The Board had only limited success obtaining information regarding the Speech Impaired (SI) community. Although no specific population estimates were found, based on available data regarding the total number of Americans affected with some form of communications disorder, it is reasonable to expect that the size of the SI population in Michigan is roughly the same as the Deaf population, about 1% or 100,000 people.

According to the past president of the Michigan Speech-Language Association, although STS relay service is currently not heavily utilized, it is a valuable and appreciated resource for

the SI community. In a recent FCC order¹² regarding TRS and Speech-to-Speech Services one of the key findings was the need to increase consumer awareness of the critical but underutilized STS service.

Existing Resources – In Michigan, there are resources available to the D/HOH/SI community to help with the purchase of equipment and services. The qualification requirements vary with each program. The Michigan Assistive Technology Loan Fund provides assistive technology loans to financially qualified applicants. The Michigan Association for the Deaf and Hard of Hearing provides equipment demonstrations, rentals, sales and grants for equipment to qualified low income applicants. Funding for this program varies throughout the state. Michigan Rehabilitation Services provides hearing assistive devices for applicants seeking employment. The Michigan TTY equipment distribution plan provides TTYs and amplified phones to customers at cost with long term payment plans. Finally, the federal and state Lifeline program is available to all Michigan landline customers who meet the low income requirements. The benefits can range from a \$10 to \$12 per month reduction in their phone bill.

MPSC and FCC Activities – The FCC currently mandates and regulates TRS and VRS in all states. The FCC has not mandated any type of equipment provisioning at the customer level nor made available any subsidization program for individual customer equipment. While the FCC requires carriers to provide access to TTY services to all telephone customers, there is no provision for assisting customers in obtaining free or subsidized specialized equipment should their income be below a certain level. The FCC also does not currently mandate CapTel.

The MPSC issued an order in 1990 that established TRS in Michigan and as such currently regulates the service. The MPSC has ruled on the EDP issue on two prior occasions. In Case No. U-9117, the MPSC rejected the idea of a free TTY distribution, ruling that the

¹² CG Docket No. 03-123, Order Released November, 19, 2007.

D/HOH/SI should provide their own customer premises equipment, as do other users of the public switched network. In a subsequent proceeding, Case No. U-10210, the MPSC approved the establishment of a discounted TTY equipment distribution program which is still in effect today. In Case No. U-14458 issued in March 2005, the MPSC approved the offering of CapTel service in Michigan. The service is free to the user and the equipment is available at a significant discount. CapTel is funded by all of Michigan's incumbent local exchange carriers and most of its competitive local exchange carriers.

Activities in other states – The MRC Board could find no definitive source regarding how many states have established EDPs. However, the MRC Board was able to gather basic details about existing EDP programs in 16 states. For 13 other states, there appears to be EDP programs, however, not enough information was available to confirm. Based on the Board's research, it is reasonable to assume that about half the states have an EDP program and half do not. The existing programs vary widely in key areas such as: administration, eligibility requirements, funding, costs and benefits. Only one state, North Carolina, has implemented an EDP since 1998. The EDPs in the states that currently have them were primarily established in the 1980s and 1990s, prior to the emergence of significant competition in the telecommunications area.

Other activities – Due to the extensive use of wireless devices by those with hearing loss, cell phone compatibility with amplification and other devices has become a significant national issue. The customer survey identified concerns regarding cell phone compatibility as well as the lack of availability of basic cell phone models that were compatible with hearing aids. As discussed in the "Other Activities" section, the FCC has recently opened a docket to investigate hearing aid compatibility requirements. The wireless industry has also recently come to an agreement with the Hearing Loss Association on a similar issue regarding cell phone

compatibility with hearing amplification devices. This issue is clearly considered to be a significant impediment by the hearing loss community and is being reviewed on the national level.

Customer Survey – The respondents to the customer survey were primarily over 50 years old and college educated. There was roughly equal representation from the Deaf and the Hard of Hearing communities. Generally, they were from small households of two or less. Usage of TTYs, VRS and amplification devices ranged from 19% to 25%. By far the most used telecommunication device for this group, at 70%, was mobile wireless. Usage for this group was relatively normal with 87% making two or more calls per day. Three-quarters (73%) purchased their own equipment, split about equally between retail and catalog or online. Equipment for the other 27% was obtained through their employer, rehabilitation services or other programs. Although 59% said they were satisfied with their current access to telecommunications, the majority (87%) said that more equipment options, more training and more showrooms to test the equipment would increase their satisfaction. Most (74%) were not familiar with any of the currently available programs to help finance the purchase of equipment, with the exception of the discounted TTY equipment program offered through the local phone companies. Spending on specialized equipment was relatively low. About half (53%) spent less than \$100 on specialized equipment in the last year and only 31% spent more than \$500 over the past five years. Most (85%) had never lived in a state that had an EDP. For those that had, about half said it enhanced access and half felt that it did not.

The survey also allowed the respondents to add any additional comments. Confirmed in these comments was the significant need for more information about available programs, services, equipment and places to try them out. Hearing aid compatibility with cell phones also

surfaced as a concern. Finally, as expected, the cost of equipment and high-speed Internet access is a key issue for the low income segment of this group.

The MRC Board acknowledges that the survey results may not meet the tests of statistical significance. The survey was simply an attempt to get input directly from the D/HOH/SI communities in addition to the input that was provided by the members of these communities that are on the MRC Board and heading the various local organizations that represent these groups. The customer survey results do not indicate any consensus regarding a critical need for any change to Michigan's current EDP. As with any group, there are people in the low income category that are in general need of financial assistance. As described in the report there are some resources available to this group today for the specific purpose of purchasing communications equipment. If it was determined that the needs of this low income group were not being met by currently available programs, then it would be appropriate to explore a modest, and targeted expansion of Michigan's existing program.

Impediments – It has been suggested that a significant impediment to access is the need for the D/HOH/SI to purchase additional specialize equipment to access telecommunications versus what the hearing population needs to purchase. There is clearly some equipment that is uniquely used by the D/HOH/SI to access telecommunications, *i.e.*, TTYs, specialized phones (Captel, VCO, amplified, Braille, alerting devices, and large screen displays). In the past, these types of equipment represented the only way that the D/HOH/SI could access telecommunications. However, in the past decade, the evolution of the high-speed Internet and wireless networks, along with the use of PCs and wireless devices, has increased the options of how people communicate. It is not surprising that the D/HOH/SI communities are relying more and more on text messaging and video messaging telecommunications technologies. These new technologies provide many qualitative benefits to the D/HOH/SI. The equipment needed to use

these new technologies is essentially the same for all users. In many cases the D/HOH/SI can purchase the same PC's and wireless devices as the hearing, and benefit from the price competition in that marketplace.

Recommendations

D/HOH/SI customers in Michigan have expressed a variety of opinions regarding their telecommunications needs. As is the case for all telecommunications customers, there is no “one-size-fits-all” solution that would meet the personal needs and preferences of each and every D/HOH/SI customer. Fortunately, technological advances and vigorous competition in the telecommunications industry are providing innovative, affordable services that D/HOH/SI customers can take advantage of. The evidence provided in this report shows that many customers are choosing new technologies causing the number of users of Michigan’s traditional TRS system to steadily decline.

The changing telecommunications industry presents unique challenges to D/HOH/SI customers, whose service needs are specialized and can vary considerably even within similar sectors of the community. Different degrees of hearing loss and/or speech impairment may require very different technology solutions. This report has identified two main issues that face D/HOH/SI customers: equipment costs and a lack of information about available telecommunications services and equipment to assist the D/HOH/SI community.

According to the results of both state-to-state surveys and surveys of Michigan customers, there is not a single equipment distribution program that is widely accepted as the model that D/HOH/SI customers support. About half of the states appear to have some form of a distribution program, but those programs vary considerably in their scope. Michigan’s existing law that requires certain equipment to be made available at cost is a variation of an equipment distribution program, but it appears to be funding a technology that is of declining usefulness to the D/HOH/SI community. Michigan customers also have access to loan, grant and rental programs for certain equipment and all low-income customers can qualify for discounted telephone service plans through the federal and state Lifeline program. With currently popular

technologies like Instant Messaging (available for free with a high-speed Internet connection) and Text Messaging, many D/HOH/SI customers can take advantage of services that allow them to interact with other customers with no special equipment or intermediaries' necessary. Also, the availability of inexpensive "Webcams" allows for video communications that add an important new dimension to the telecommunications experience of D/HOH/SI customers.

While some members of the MRC Board would like to see changes to Michigan's equipment distribution program, the MRC Board is in agreement that it does not have any concrete evidence that changes are necessary and does not have any solid proposals before it to consider. While there are programs in other states that seem to have merit, the larger questions of what entity would administer any new program and where the funding would come from have not been answered. It is not within this Board's purview to make those types of decisions. What the MRC Board has done is compile a wealth of information on this issue to present to the legislature for their consideration.

The same surveys cited above, as well as recent activities of the FCC, do indicate a real need for improved access to information about telecommunications services and equipment, particularly features that are important to D/HOH/SI customers. While all customers face what can be a confusing array of products and service providers, the specialized needs of D/HOH/SI customers and limitations that may exist in their ability to shop at retail outlets point to a need for a central source of focused information. Having a comprehensive list of products and services available from a trusted source, whether it's a state agency or non-profit organization, would help D/HOH/SI customers make informed choices. The MRC Board will work with the MPSC to coordinate an effort that includes relevant state agencies (MPSC, DODHH, DIT), representatives of the D/HOH/SI community and representatives of the telecommunications industry to designate a place where D/HOH/SI citizens can go to find information to assist them

in purchasing telecommunications equipment and services. The MRC Board will continue to monitor these and other related issues on a going forward basis and bring to the attention of the Commission and legislature any issues that may require legislative action.

Attachment A

Estimated Deaf/Hard of Hearing Populations by Michigan Counties February, 2005

This information was calculated based on information from the U.S. Department of Health and Human Services as well as the U.S. Census Bureau's annual population estimates for the year 2003. Deafness was calculated at .9% of the United States Population while Hard of Hearing was calculated at 7.7%. Hearing Loss is a total of Deafness and Hard of Hearing. These percentages were then applied to each county in the state of Michigan to give an estimate of how many individuals in each category could be expected in these populations based on the national percentages.

Location	Population	Hearing Loss	Deaf	Hard of Hearing
Michigan	10,079,985	866,879	90,720	776,159
County				
Alcona	11,572	995	104	891
Alger	9,767	840	88	752
Allegan	110,331	9,488	993	8,495
Alpena	30,781	2,647	277	2,370
Antrim	24,094	2,072	217	1,855
Arenac	17,309	1,489	156	1,333
Baraga	8,782	755	79	676
Barry	58,774	5,055	529	4,526
Bay	109,452	9,413	985	8,428
Benzie	17,078	1,469	154	1,315
Berrien	162,766	13,998	1,465	12,533
Branch	46,414	3,992	418	3,574
Calhoun	138,854	11,941	1,250	10,692
Cass	51,385	4,419	462	3,957
Charlevoix	26,712	2,297	240	2,057
Cheboygan	27,405	2,357	247	2,110
Chippewa	38,822	3,339	349	2,989
Clare	31,589	2,717	284	2,432
Clinton	67,609	5,814	608	5,206
Crawford	14,808	1,273	133	1,140
Delta	38,317	3,295	345	2,950
Dickinson	27,186	2,338	245	2,093
Eaton	106,197	9,133	956	8,177
Emmet	32,741	2,816	295	2,521
Genesee	442,250	38,034	3,980	34,053
Gladwin	26,939	2,317	242	2,074
Gogebic	17,329	1,490	156	1,334
Grand Traverse	82,011	7,053	738	6,315
Gratiot	42,501	3,655	383	3,273
Hillsdale	47,230	4,062	425	3,637
Houghton	36,249	3,117	326	2,791
Huron	35,216	3,029	317	2,712
Ingham	282,030	24,255	2,538	21,716
Ionia	63,573	5,467	572	4,895
Iosco	26,888	2,312	242	2,070
Iron	12,787	1,100	115	985
Isabella	64,663	5,561	582	4,979

Jackson	162,321	13,960	1,461	12,499
Kalamazoo	242,110	20,821	2,179	18,642
Kalkaska	17,177	1,477	155	1,323
Kent	590,417	50,776	5,314	45,462
Keweenaw	2,227	192	20	171
Lake	11,795	1,014	106	908
Lapeer	91,314	7,853	822	7,031
Leelanau	21,860	1,880	197	1,683
Lenawee	100,786	8,668	907	7,761
Livingston	172,881	14,868	1,556	13,312
Luce	6,919	595	62	533
Mackinac	11,470	986	103	883
Macomb	813,948	70,000	7,326	62,674
Manistee	25,317	2,177	228	1,949
Marquette	64,616	5,557	582	4,975
Mason	28,685	2,467	258	2,209
Mecosta	41,728	3,589	376	3,213
Menominee	25,084	2,157	226	1,931
Midland	84,492	7,266	760	6,506
Missaukee	15,189	1,306	137	1,170
Monroe	150,673	12,958	1,356	11,602
Montcalm	62,926	5,412	566	4,845
Montmorency	10,492	902	94	808
Muskegon	173,090	14,886	1,558	13,328
Newaygo	49,271	4,237	443	3,794
Oakland	1,207,869	103,877	10,871	93,006
Oceana	28,074	2,414	253	2,162
Ogemaw	21,792	1,874	196	1,678
Ontonagon	7,571	651	68	583
Osceola	23,509	2,022	212	1,810
Oscoda	9,461	814	85	728
Otsego	24,268	2,087	218	1,869
Ottawa	249,391	21,448	2,245	19,203
Presque Isle	14,286	1,229	129	1,100
Roscommon	26,230	2,256	236	2,020
Saginaw	209,327	18,002	1,884	16,118
St. Clair	169,063	14,539	1,522	13,018
St. Joseph	62,864	5,406	566	4,841
Sanilac	44,583	3,834	401	3,433
Schoolcraft	8,772	754	79	675
Shiawassee	72,543	6,239	653	5,586
Tuscola	58,382	5,021	525	4,495
Van Buren	78,210	6,726	704	6,022
Washtenaw	338,562	29,116	3,047	26,069
Wayne	2,028,778	174,475	18,259	156,216
Wexford	31,251	2,688	281	2,406

Division on Deaf and Hard of Hearing
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Attachment B

FORMS OF ACCESS

Telecommunications Relay Service (TRS)

TRS is a telephone service that allows persons with hearing or speech disabilities, to place and receive telephone calls by having a third party; Communications Assistants (CA), transmit and translate the call.

How it works – With traditional TRS, a person with a hearing or speech disability uses a special text telephone, called a TTY, to call a communications assistant (CA) at the relay center. TTYs have a keyboard and allow people to type their telephone conversations. The text is read on a display screen and/or a paper printout. A TTY user calls a TRS relay center and types the number of the person he or she wishes to call. The CA at the relay center then makes a voice telephone call to the other party to the call, and relays the call back and forth between the parties by speaking what a text user types, and typing what a voice telephone user speaks.

Most appropriate for – Deaf to severely Hard of Hearing. The user must have reasonably good typing and reading skills to benefit from this service.

Equipment needed – TTY or other text input device, such as a Personal Computer with the appropriate simulation software.

Availability – TRS is required by the Federal Communications Commission. AT&T has provided TRS service to all residents in Michigan through its Michigan Relay Center (MRC) since 1990.

Costs – Traditional relay service is free to the user. It is jointly funded by all landline carriers. The cost of a TTY device varies from \$250 - \$700 retail. Landline carriers are required by commission order to provide TTYs to their customers at cost.

Pros –

- Local calls are free to the user of TRS. Long Distance calls are rated at based on the customers Long Distance service carrier.
- TTY's are available at cost in Michigan per commission order from \$200 - \$400 and includes the option of a 24-month payment plan.
- TRS can be accessed from a personal computer with free TTY simulation software that is available online.
- TRS does not require access to the internet.
- TRS can be accessed remotely using a portable TTY device or Pocket Speak for cordless phones. This is mainly used by Voice Carryover call users.

Cons –

- A third party call assistant (CA) is needed to complete a TRS call. Although there are strict FCC requirements regarding the CA confidentiality and performance, some people are not comfortable with this arrangement.
- There is a slight delay in response time between both parties due to the difference in speaking speed versus the CA's transcription speed. Another cause for delay can be that some users do may forget that GA (which stands for "go ahead"), needs to be typed when they are finished speaking to alert the other party that they can now respond.

Traditional relay service has significantly declined over the past five years. Per the Michigan Relay Center's most recent annual report, traditional relay calls have dropped almost 38%, from over 1.6M in 2001 to about 1.0M in 2006. This is consistent with a national trend and is due to the increased availability of alternative forms of access, which do not have some of the drawbacks of Traditional TRS.

The following excerpt from an article on i711.com describes the decline in TTYs.

(emphasis added)

I remember my first TTY. It looked more like a typewriter than a phone that would enable me to communicate with the outside world. Over the years, I upgraded to smaller versions, including a portable one that's been collecting dust in my closet for years. It's not alone; many of its counterparts are meeting similar fates.

Stacey Carroll's TTY could start a self-help group with mine. The Holden, Massachusetts resident hasn't taken hers out of the closet in over a year. Her initial excitement at getting a TTY dissipated over the years as she found the TTY to be slow and cumbersome. And advanced phone systems like automated menu options have made using the relay service frustrating.

*'This is why I began to use **email** and now the **online relay services**, which I find to be much faster and easier to navigate,' says Carroll. Internet relay also has **free long distance**, a feature that helps explain its popularity.*

Carroll's TTY might be called out of retirement in case of an emergency, she says, but only if the Internet wasn't available and she had to make a phone call. The odds of that happening are probably pretty slim.

*All the other existing technologies are also more portable and versatile. With the advent of **wireless text pagers, PDAs, internet relay websites, and even two-line VCO** (voice-carry over, or the ability to speak directly to the other party) calls, stand-alone TTYs have lost their luster. The general consensus is that TTYs are too slow and primitive. Indeed, **video phones and CapTel** (a captioned telephone currently undergoing consumer trials) are options that allow us to conduct conversations more normally; we can have two-way conversations, ourselves. What a concept!*

*The decline in TTY usage is confirmed by Judy Harkins, director of the Technology Access Program at Gallaudet University. 'TTY is an analog technology and most of them are fading, regardless of the type of media,' says Harkins.' And VoIP (voice over the Internet) may cause serious problems for the remaining TTYs. According to Harkins, the people who are stuck with the old analog technology seem to be those who haven't been able to take advantage of other technology, such as **rural, elderly, low-income and deaf-blind folks**.*

So what will become of TTYs? Rachel Arfa, of Madison, Wisconsin, has a prediction: 'They're ancient history, destined to their place in history in museums all across the country.'

Voice Carryover Calls (VCO)

A voice carryover call (VCO) is a special type of relay call made through using the traditional TRS relay service. This is most appropriate for use by persons with a hearing loss that speak in a way that is easily understood. They use a special VCO phone (*see Attachment C*) when they call the relay center. In a VCO call the calling parties voice is heard by the called party but the called parties voice is translated to text by the relay center CA and shows up on the calling parties VCO phone.

Hearing Carryover Calls (HCO)

A hearing carryover call (HCO) is another special type of relay call made through using the traditional TRS. This service can be used by the speech impaired that has the ability to hear

and also the ability to type. A special HCO phone (*see* Attachment C) is used to place a call to the relay center. This device allows the caller to type their message, which is translated by the CA and related to the called party by the CA's voice. The calling party then hears the called party's response through the HCO phone.

Video Relay Service (VRS)

Video Relay Service (VRS) is an Internet-based form of TRS which allows persons whose primary language is American Sign Language (ASL) to communicate with the CA in ASL.

How it works – The VRS caller, using a television or a computer with a video camera device and a broadband (high speed) Internet connection, contacts a VRS CA, who is a qualified sign language interpreter. They communicate with each other in sign language through a video link. The VRS CA then places a telephone call to the party the VRS user wishes to call. The VRS CA relays the conversation back and forth between the parties -- in sign language with the VRS user, and by voice with the called party. No typing or text is involved. A voice telephone user can also initiate a VRS call by calling a VRS center.

Video relay services have only come into common use in the last three years or so, and usage is growing rapidly, having jumped from about 1 million minutes per month in August 2004 to about 6 million minutes in August of this year, according to the National Exchange Carrier Association.

Most appropriate for – Deaf to severely Hard of Hearing that are more comfortable communicating in sign language (ASL) than by typing and reading.

Equipment needed – PC, Internet, Video Conferencing Equipment.

Availability – VRS is not required by the FCC, but is offered by several TRS providers, including: Sorensen and Communication Access Center.

Costs – The service is free to the user. The service is funded by the FCC. VRS providers are compensated at an average national rate per minute that is set by the National Exchange Carrier Association (NECA). The needed equipment is currently provided by the service providers to the users free of charge in Michigan.

Pros –

- VRS allows conversations to flow in near real time and in a faster and more natural manner than text-based TRS.
- The Deaf can use Sign Language, which is often the primary language for most users.
- The service is free as is the equipment.
- VCO users can access VRS too if they are fluent in ASL.

Cons –

- Because the service uses a video signal it is necessary to have high speed internet service (DSL, cable)
- Like traditional TRS a third party (CA) is needed to complete a call.
- Currently, the service is not portable. However, there is a brand new technology already being used in Europe and Japan, but not yet in the United States, that allows deaf people to communicate with each other in sign language over cell phone cameras using real-time video. It's unclear when the necessary approvals and upgrades are needed for this technology. It is expected that once it gets here, it will have a very significant impact on communications among the deaf.

Internet Protocol (IP) Relay Service

Today TRS users are only a mouse click away from a new TRS option called Internet Protocol (IP) Relay. IP Relay is accessed using a computer and the Internet, rather than a TTY and a voice line. Individuals who use IP Relay do not need to invest in a TTY; they simply use the computer to communicate by text. When conversing over IP Relay, people who are deaf, hard of hearing, or have difficulty speaking can participate in a conference call or go online while holding a conversation.

How it works – The first leg of an IP Relay call goes from the caller's computer, or other Web-enabled device, to the IP Relay Center via the Internet. The IP Relay Center is usually accessed via a Web page. The caller types in the number they would like to call on the screen. After the connection is made the caller types their conversation which is read by a CA. The second leg of the call, as with traditional TRS, is from the CA to the receiving party via voice telephone, where the CA voices what the caller has typed. The CA then types the response of the receiving party which is read by the caller on their screen.

Most appropriate for – People who are deaf, hard of hearing, or have difficulty speaking. Requires good typing and reading skills.

Equipment needed – Computer or other Web-capable device, Internet Connection.

Availability – Several providers including AT&T offer IP relay.

Costs – The service is free to the user. The cost of personal computers range from about \$400 to \$2500. The cost of Internet access varies from approximately \$15 per month on up depending on speed.

Pros –

- Service is free
- Customers can multitask while using IP Relay (individuals can check email, or type a paper while using IP Relay)
- Can be used on Hand held devices such as Blackberries and Sidekicks allowing calls to be placed away from home.

Cons –

- Third party is needed to complete a call
- Slight delay in response depending on which provider and internet speed
- Cannot make VCO Calls.

Captioned Telephone Service (CapTel)

CapTel or captioned telephone service is used by persons with a hearing disability but some residual hearing. It is an excellent alternative for people who can hear most of a phone

conversation but sometimes miss a word or a number. Research indicates this is a much desired service in many states. It targets the much larger and growing Hard of Hearing population. CapTel allows people to receive written word-for-word captions of their telephone conversations. The user can read the words for clarification while listening to the voice of the other party.



How it works¹ – CapTel phone users place a call in the same way as dialing a traditional phone. As they dial, the CapTel phone automatically connects to a captioning service. When the other party answers, the CapTel phone user hears everything that they say, just like a traditional call. Behind the scenes, a specially trained operator at the CapTel Captioning Service transcribes everything the called party says into written text, using the very latest in voice-recognition technology. The use of voice recognition software results in dramatically increasing the speed of captioning versus traditional CA translating, as is done on VCO calls. The written text appears

¹ <http://www.captionedtelephone.com/how-it-works.phtml>

on a bright, easy-to-read display window built into the CapTel phone. The captions appear almost simultaneously with the spoken word, allowing the CapTel phone users to understand everything that is said — either by hearing it or by reading it.

Equipment needed – This service requires special CPE (Customer Premise Equipment) to work. Both standard CapTel (1-line) and 2-line CapTel are offered. With 2-line CapTel, the conversation is carried on one telephone line and the captions are provided on a second line. This gives 2-line CapTel users the ability to caption any phone call – incoming or outgoing – at any point in the conversation. 2-line CapTel also supports enhancements that users have purchased on their telephone service, including, *e.g.*, Call Waiting. The CapTel phone is compatible with DSL Line Share service. Standard (1 line) service allows the CapTel customer to dial any phone number, the phone automatically dials the call center, the call is picked up by the captionist and the dialed party is called. For someone to call the CapTel customer, they must first dial an 800 number to pick up a captionist and then the CapTel customer is dialed. The single line service must have call waiting blocked during calls as it will disrupt the captioning feature of the phone.

Most appropriate for – Hard of Hearing with low to moderate levels of hearing loss. Not for the Deaf.

Availability – Not mandated by the FCC. The MPSC approved offering the service in Michigan based on an application from the MRC advisory board. AT&T offers the service in Michigan through a third party contract with Hamilton Relay. The service is available to customers of all BLES providers. Currently there are about 500 customers using the service and there is no waiting list.

Costs to customer – The service is free to the user. The CapTel phones normally cost \$500, but currently users are benefiting from a special offer to Michigan residents of \$99.

Pros –

- The user can hear and read the conversation when using CapTel.
- The service is free to user.
- The current price of the equipment deeply discounted.

Cons –

- A third party is needed to complete a call. Although it is rather transparent to user as compared to traditional relay.
- Voice recognition software is not 100% accurate, however the function of the CA is to monitor the automatic transcription and make changes as required.
- Need two telephone lines to access the full benefits of CapTel.

Instant Messaging Service (IM)

Internet Messaging (IM) is a form of real-time communication between two or more people based on typed text. This is a relatively new technology/service that has been very popular with teenagers for several years. They have even developed their own shorthand language where many phrases are reduced to a series of letters that parents have trouble understanding. For many teenagers this form of communication is more popular than e-mail or phone conversations because it allows groups to communicate with each other.

How it works – The text is conveyed via computers connected over a network such as the Internet. Instant Messaging (IM-ing) requires an instant messaging client, (*i.e.*, Yahoo!, MSN, AOL etc.) that connects to an IM service. IM-ing differs from e-mail in that conversations happen in real-time. You can IM with anyone on your buddy list or contact list as long as that person is online. You type messages to each other into a small window which shows up on both party's screens.

Most IM programs provide these features:

- Instant Messages – send notes back and forth with a friend who is online
- Chat – create a chat room with friends or co-workers
- Web Links – share links to your favorite Web sites
- Video – send and view videos, and chat face to face with friends
- Images – look at an image stored on your friend's computer

- Sounds – play sounds for your friends
- Files – share files by sending them directly to your friends
- Streaming content – real time or near real time stock quotes and news
- Mobile capabilities – send instant messages from your cell phone

Equipment Needed – Computer and internet, Mobile device with internet or Mobile

Instant Messaging (MIM). MIM is a presence enabled messaging service that aims to transpose the desktop messaging experience to the usage scenario of being on the move.

Most appropriate for – Any level of hearing loss. Some typing skills are required but typing speed is not as essential as with TTY.

Costs to Customer – Free download, cost of computer equipment and internet service fee.

Availability – Widely available via free downloads from AIM, Yahoo, etc.

Pros –

- Instant messaging opens new methods of spontaneous communication for people that have an impairment in hearing, auditory processing, or speech. It is considered by many a powerful way to allow equal opportunities in communication, without the aid of special devices or services designed for users with hearing loss.
- In contrast to e-mail, the parties know whether the peer is available. Most systems allow the user to set an online status or away message so peers are notified when the user is available, busy, or away from the computer.
- Instant messaging allows instantaneous communication between a number of parties simultaneously, by transmitting information quickly and efficiently, featuring immediate receipt of acknowledgment or reply.
- Many instant messaging services have begun to offer video conferencing features, Voice Over IP (VoIP) and web conferencing services. Web conferencing services integrate both video conferencing and instant messaging capabilities. Some newer instant messaging companies are offering desktop sharing, IP radio, and IPTV to the voice and video features

Cons –

- It is important to note that instant messaging is not considered a secure way to communicate. Messages and connection information are maintained on servers controlled by the provider of your IM provider. Most providers do provide a certain level of encryption, but they are not so secure that you should send any confidential information through the system.

Text Messaging Service

Text Messaging or Short Message System (SMS), or **texting** is the common term for the sending of “short” (160 characters or fewer) text messages, using the Short Message Service, from mobile phones. It is available on most digital mobile phones and some personal digital assistants with onboard wireless telecommunications. The most common application of the service is person-to-person messaging, but text messages are also often used to interact with automated systems, such as ordering products and services for mobile phones, or participating in contests.



<http://communication.howstuffworks.com/sms.htm>

Equipment Needed – Cell phone or pager with text message capability.

Most appropriate for – Any level of hearing loss.

Availability – Widely available from all wireless providers.

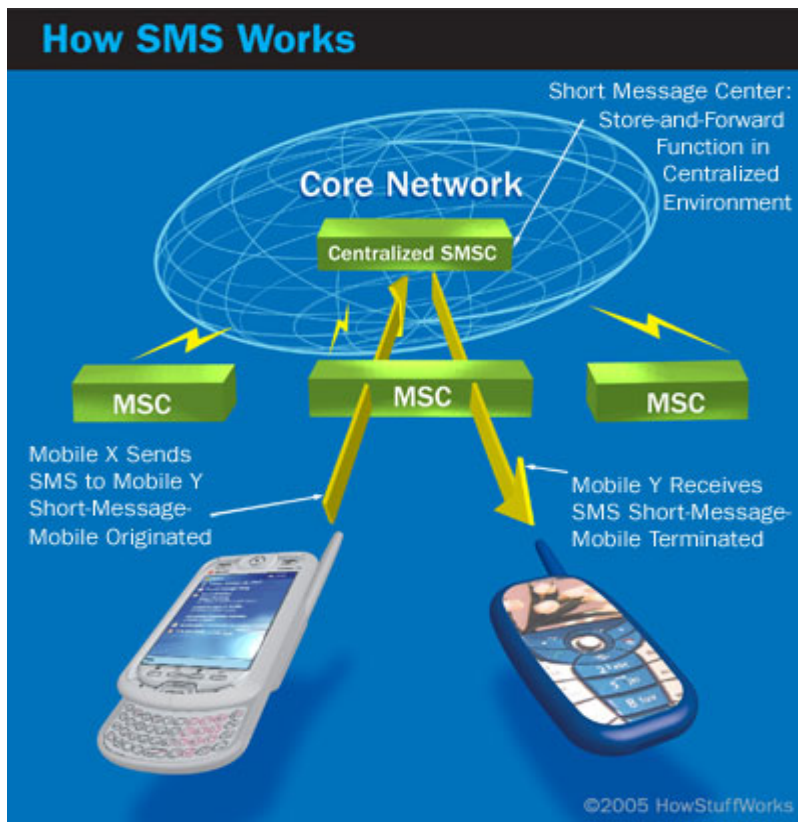
Costs to Customer – The cost (unlimited or per message charges) varies based on service providers' plans.

Pros –

- This service is already used extensively by both the hearing and hearing impaired population.

Cons –

- Hearing family and friends must pay extra for text plans to communicate with relative with hearing loss.



<http://communication.howstuffworks.com/sms.htm>

Speech to Speech Relay Service (STS)

Speech to Speech Relay (STS) enables persons with a speech disability to make telephone calls using their own voice (or an assistive voice device). STS CAs are specially trained in understanding a variety of speech disorders, which enables them to repeat what the caller says in a manner that makes the caller's words clear and understandable to the called party. Often people with speech disabilities cannot communicate by telephone because the parties they are calling cannot understand their speech. People who stutter or have had a laryngectomy may also have difficulty being understood.

How it works – A STS user would call the traditional relay center by dialing 711 and indicate they wish to make an STS call. The user is then connected to a specially trained STS CA

who will repeat the speech impaired persons spoken words, making the spoken words clear to the other party. Persons with speech disabilities may also receive STS calls.

Equipment needed – A special phone is not needed for STS.

Most appropriate for – May not work for the more severe levels of speech impairment.

Costs to customer – None to the user.

Availability – It is mandated by the FCC. The MRC offers STS through contract with a 3rd party provider to all Michigan residents. Funded along with traditional TRS funding.

Pros –

- Free service and no special equipment is needed.

Cons –

- Third party (CA) is needed to complete a call. Although there are strict FCC requirements regarding CA confidentiality and performance some people are uncomfortable with this arrangement.
- Although available STS service is not heavily utilized (approximately 6,000 total calls in 2007). The user base for this service is not as active, vocal, or organized as the deaf or hard of hearing community. Per the third party vendor, this is a very difficult group to reach in that they don't have the same organizational structure as deaf and hard of hearing individuals.
- Also, in order to use this service, the STS caller needs to have enough understandable speech for the relay operator to voice. Those who do not have understandable speech, tend to use other types of communicative devices to make their calls. (*i.e.*, HCO)
- Although relay can make the process easier, relay also makes the process of making a call cumbersome especially for the first time relay user.
-

SITRIS

A new web based service for Speech Impaired is called SITRIS.² A demo of the service which is more transparent than relay and more natural than relay is available on its website. It is possible that services like SITRIS might also contribute to the lower STS call volume.

² <http://www.mysitris.com/>

Sitris is a unique web assistive technology designed for people who have a variety of speech impairments to make standard telephone calls without the need for an AAC (Augmentative Assistive Communications) device or any specialized software. Using SITRIS you can make calls to any phone: fixed or mobile from any Internet access point. The easy-to-use web interface uses a high quality text to speech engine to speak into the telephone call, you just click on your personal stored phrases or type what you want to say while on the call.

Sitris text to speech voices are based on real people and offer the user the option to add emotional content as never before. Located on the Sitris servers there is no delay, the response while on a call is instant. Sitris can be used at home, at work, in a WiFi zone or a cyber café! You can leave voice mail messages, order that pizza, arrange meetings at work, and take part in conference calls. Sitris can also be used locally through your PC speakers to chat one to one

Equipment needed – A PC and internet connection..

Most appropriate for – Many people have speech difficulties, conditions such as; Cerebral Palsy (CP), Lou Gehrig's Disease (ALS), Laryngectomy, Stroke, Brain Trauma, Multiple Sclerosis (MS), Spasmodic Dysphonia, Motor Neuron Disease (MND), cause varying degrees of impairment. Even severe stutterers can struggle to make themselves understood, particularly over the phone. Sitris is designed to augment or replace your vocal range on the phone allowing you to make your calls in a fluid natural way that gives you privacy, independence and reduces the frustration for both you and the person you called.

Costs to customer – \$9.95 per month for 100 SITRIS call minutes. New accounts come with 50 free call minutes.

Availability – On web.

Cons – requires typing skill.

Attachment C

Available Equipment for Deaf/Hard of Hearing/Deafblind, and Speech Impaired – Images and Brief Descriptions

- A) TTY
- B) Portable TTYs
- C) Braille TTY (new)
- D) Amplified Phones (Corded & Cordless)
- E) Specialized Phones with Amplification
 - 1) VCO Phones
 - 2) HCO Phone (Cochlear phones & adapters deleted)
 - 3) Emergency Phones
 - 4) CapTel Phones
 - 5) Uniphones (Portable Amplifiers deleted)
 - 6) Bone Conduction Phones
- F) Portable Amplifiers (order change)
- G) Amplified handsets (order change)
- H) Headsets
- I) Cochlear phones & adapters
- J) Neckloops
- K) Visual & Audible signalers
- L) Wireless Devices (order change)
- M) Deaf-Blind Telecommunication devices
- N) Speech Devices (order change)
 - 1) Artificial Larynx
 - 2) TeliTalk
 - 3) Speech aid equipment
 - 4) Anti-stuttering device
 - 5) Dynavox
 - 6) Voice Amplifiers



- A) **TTY** – This has been one of the most commonly used accommodations by people who are unable to understand speech on the telephone. TTY is an acronym for Tele Typewriter – a device that uses text instead of voice to communicate via telephone lines. Sometimes the acronym TDD (Telecommunications Device for the Deaf) is also used for the same device. This term is used less frequently since we prefer to describe the device, rather than those who use it (some people who use a TTY are not deaf).

The TTY enables people who are deaf, hard of hearing, or speech impaired to converse on the telephone by typing messages that are sent through the telephone network. A TTY works by converting text messages into a sound-based code (loud beeps) that are transmitted through the telephone line. The person on the other end of the line must also use a TTY to decode the sounds back into text. Each party in the conversation takes a turn typing a message and then reads the response of the other person.

When a person who uses a TTY wants to converse on the phone with someone who does not have a TTY a Relay service is used.

- \$250.00-\$700.00 (depending on features and accessories)

Source: http://www.michdhh.org/assistive_devices/text_telephone.html



B) **Portable TTYs** – Designed for individuals who are deaf or speech impaired. Full featured TDD designed to fit in purse, pocket or briefcase (8.8" x 3.9" x 1.2"), 32K memory stores memos, phone numbers, etc. 80-character, 2-line display, TDD announcer, 57-key, 4-row keyboard with easy touch keys, baudot code. Compatible with most cellular phones.

- \$200.00-\$300.00

Source: <http://www.soundbytes.com/page/SB/CTGY/PortableTTYs>



C) **Braille TTY** – To aid the Deaf-Blind in having a conversation over the telephone, this device allows the user to communicate with a Relay Operator, another TDD, or even a Braille-TTY user in the United States and all over the world.

- \$6,000.00

Source: <http://www.twacomm.com/catalog/search.htm?sid=8606EEE61244DA194DEC5980B32061C2&fs=braille+tty>



D) **Amplified Phones (Corded & Cordless)** – There are several models of both corded and cordless phones for mild to severe hearing loss. Amplified phones increase decibel level of incoming sound from 30-50 db. Most are featured as hearing aid compatible.

- \$50.00-\$300.00 based on options listed below

Other features could include: Sound quality adjustment, Volume control, Compatible with neckloop and/or headset, Noise reduction, Loud ring signaler, Visual ring signaler, Adjustable ring volume, Ringer tone control

Source: <http://www.weitbrecht.com/browse/telephones/amplified-phones/304.phtml>

E) **Specialized Phones with Amplification** – These include VCO, HCO, Emergency phones, and Captioned telephones. These are explained below.



1) **The VCO (Voice Carry-Over) Phone** looks like a standard phone and it has a display screen for reading text messages. This VCO phone allows the person with a hearing loss to "voice" their conversation directly to the called party through relay. The Operator (OPR) would then type the called party's message and it would show up on the VCO phone's display screen. This feature is called "Voice Carry-Over" (VCO).

- \$200.00

Source: <http://www.mdrelay.org/what.html>



2) **HCO Phones** were designed for people with speech disabilities who want to hear the people they were calling (or from whom they received a call), yet they need an RO (relay operator) to voice what they typed on their TTYs.

At the beginning of an HCO call, the RO will ask the standard voice user if they are familiar with Hearing Carry Over (unless instructed otherwise by the HCO user). If the called person is not familiar with HCO, the RO will provide an explanation of the service.

Source:

http://www.ddtp.org/california_relay_service/how_to_make_a_relay_call/#vco and <http://globalrelay.mci.com/hco.htm>



3) **Emergency Phones: Amplified Emergency Connect**

The **Amplified Emergency Connect (AEC)** Phone acts as an automatic dialer in emergency situations. It comes with a small transmitter remote that can be worn on wrist like a watch, or attached to a lanyard around the neck. In the event of an emergency, the wearer presses the red emergency button on the transmitter or the emergency button on the phone. Once the emergency button is pressed, the phone numbers of up to six preprogrammed emergency contacts are dialed. These are normally family members, friends or neighbors who would be able to respond to the emergency call. If there is no response after 30 seconds or the line is busy, the phone automatically dials the next preprogrammed phone number. It will cycle through the emergency numbers twice. When the phone reaches a live person, it will play your pre-recorded emergency message. The other person will press a number (0-9) to confirm that the emergency message has been received and to deactivate the AEC from dialing the next emergency contact number. The AEC then turns on its speakerphone so that the other person is able to speak and listen to the other user (Remote Audio Monitoring).

- \$250.00
- \$30.00-\$50.00 (Accessories not included)

Source: http://www.clearhearingtx.net/wst_page6.html



Captioned Telephone with USB

4) **Captioned Telephone** (or **CapTel** for short) is a new telephone technology that allows people to receive word-for-word captions of their telephone conversations. It is similar in concept to Captioned Television, where spoken words appear as written text for viewers to read. The **CapTel** phone looks and works like any traditional phone, with callers talking and listening to each other, but with one very significant difference: Captions are provided live for every phone call. The captions are displayed on the phone's built-in screen so the user can read the words while listening to the voice of the other party. If the **CapTel** phone user has difficulty hearing what the caller says, he can read the captions for clarification.

- \$485.00 retail price

a) 2-Line CapTel: With 2-Line CapTel you can receive captions on all incoming and outgoing calls. Two analog telephone lines with separate telephone numbers are required in your home or office. The second line cannot merely be an extension line. The customer must have a second line installed and pay the monthly fee for a second line.

b) CapTel with USB: Allows text to be transmitted to the computer screen. The customer can enlarge font size or the change color of text or background. These features are beneficial for persons with both hearing and vision limitations. Must be ordered at the time of the CapTel purchase for an additional \$45.00

Source: <http://www.captionedtelephone.com/about-captel.phtml>



5) **Uniphones**, combine a telephone, TTY and amplified phone - all in one. People who are deaf, hard of hearing, or hearing can all share one phone. A full-featured TTY, the Uniphone includes a bright display and a comfortable keyboard and an amplified handset.

It is perfect for making Voice Carry Over (VCO) calls. With VCO, you speak directly to the other person and read their typed responses on the display. VCO calls can be made through a toll-free relay service, or directly between Uniphone users for absolute privacy. In a similar way, people who can hear but cannot speak can make Hearing Carry Over (HCO) calls.

- Uniphone--- \$280.00

Source: <http://www.ultratec.com/ttys/uniphones.php>



6) **Bone Conduction Phones** - A phone for the hard of hearing that uses a device in the earpiece that uses bone conduction to deliver the sound vibrations directly to the brain's speech recognition center.

- \$150.00 retail price

Source: <http://harc.com/detail.aspx?ID=474>

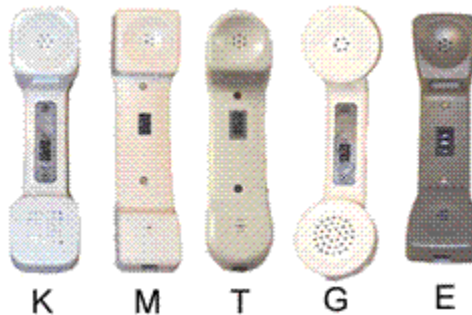


F) **Portable Amplifiers** – In-line plugs in between the curly cord and the base. Provides amplification and tone control.

- Strap-on attach directly to the earpiece of the handset
- \$40.00-\$140.00

Source: <http://www.soundbytes.com/page/SB/CTGY/TelephoneAmplifiers>

Source: http://www.michdhh.org/assistive_devices/hts_presentation_gallery/gallery02.html



G) **Amplified handsets** – An Amplified Handset can increase volume levels up to 18db which makes reception 8 times louder. An Amplified Transmit Handset can increase volume levels up to 18db which makes your voice up to 8 times louder.

Source: <http://www.choicehandset.com/>



Single earpiece



Dual earpiece

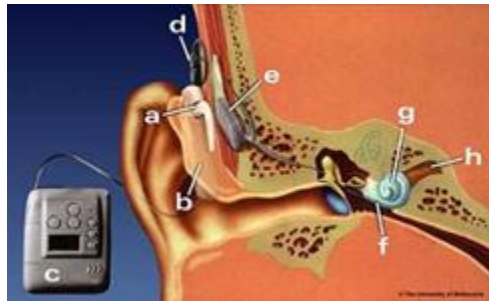


Office headset with amplifier

H) Phone Headsets –

- \$25.00-\$300.00

<http://www.soundbytes.com/page/SB/CTGY/telephone-headsets>



Cochlear Implant & Processor

- I) **Cochlear phones:** Cochlear implants are implantable devices designed to provide sound detection and speech recognition for people who receive little or no benefit from hearing aids. All cochlear implants consist of two general components: the internal device (e) and the external hardware (a-d). The internal portion of the implant consists of two parts: the receiver/stimulator and the intracochlear electrode array. The external portion consists of three parts: a microphone, a speech processor, and a transmitting coil.

Source: <http://www.boystownhospital.org/Cochlear/Information/works.asp>.



Standard telephone adapter interfaces with any standard telephone by connecting the speech signal directly from the telephone to the Cochlear Implant Speech Processor, FM system, or hearing aid. The adapter eliminates any background sounds and may be left connected since it will not interfere with the operation of the phone by other users.



Cellular Phone Adapters are designed to interface any cellular phone to a Cochlear Implant Speech Processor, FM system, or Hearing Aid. A lapel microphone provides hands-free communication.

- \$40.00-\$85.00

Source: <http://www.cihais.com/adapters.html>



J) **Neckloops** – Neckloops are designed to magnetically couple audio output into a hearing aid equipped with a telephone coil (T-switch). Works well with tape recorders, television, and any device having a 6-18 ohm audio output through a monaural 3.5mm jack.

- \$120.00-\$150.00

Source: http://www.michdhh.org/assistive_devices/hts_presentation_gallery/image016.html
and <http://harc.com/detail.aspx?ID=220>



K) **Visual, Tactile, & Audible signalers** – Modern technology has provided a multitude of alerting devices for people with hearing loss. Standard alerting devices normally rely on sound to alert a person. But sound is of little value to a hard of hearing, late deafened, or oral deaf person. Alerting devices for people with hearing loss generally rely on either visual signals or vibration.

- \$25.00-\$200.00

Source: <http://unitedtty.com/store/product43.html>



L) Wireless Devices for Deaf and Hard of Hearing

- Available with text-only plans
- Include IM, E-mail, and other forms of text communication
- Purchase price: (Prices vary with rebates and service plans) \$150.00-\$500.00
- Service Plans: \$30.00-\$130.00/month

Source: <http://www.deafpagers.com/index.html>



Telebraille



VTouch TTY

M) Deaf-Blind Telecommunication devices: Braillephone, Telebraille, VTouch TTY

- \$6,000.00-\$7,000.00

Source: <http://www.deafblind.com/telebrl.html>




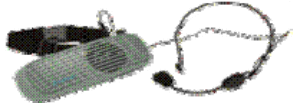
Source: http://www.computty.com/com/product/tty_tdd/vtouch_tty.html

N) Speech Devices: Available Equipment for Speech Impaired. These include Artificial Larynx, TeliTalk, Speech-aid equipment, Anti-stuttering device, Dynavox, Voice Amplifiers. These are explained below.



1) **Artificial Larynx** is a medical device used to produce clearer speech by those who have lost their original voicebox, usually due to cancer of the larynx. It is also referred to as a 'throat back'. The most common device is the electrolarynx which is handheld, battery operated and placed under the mandible producing vibration to allow speech.

Source: http://en.wikipedia.org/wiki/Mechanical_larynx

	<p>2) TeliTalk is used by individuals who have had laryngectomy surgery or ALS patients who are speech impaired. Works as an artificial larynx while directly connected to the telephone.</p> <p>Source: http://www.kcdhh.ky.gov/oea/whatequip.html</p>
	<p>3) Speech aid equipment –</p> <p>4) Anti-stuttering device a Basic Fluency System plugs into telephones. The user hears the caller's voice and the auditory feedback in both ears. If a user leaves the device plugged into the telephone, they will be able to practice speech therapy on every call.</p> <p>Source: http://www.adaptiveabilities.com/adapt/Deaf-and-Hard-of-Hearing/SpeakinAids/Speech-Aid_and_Accessories.html</p>
	<p>5) Dynavox equipment (made by Dynavox as well as other vendors) are considered Augmentative Communication Devices. Such devices are used by those who cannot communicate verbally. Essentially, this dedicated device becomes their voice and means of communicating at all times. It can be operated through direct selection, joystick, or through auditory and/or visual scanning with switches. The Dynavox has over 2,600 symbols with word and grammar prediction. The device also has built infrared capabilities that allow the user to operate televisions, VCR's, and other appliances.</p> <p>Source: http://www.dynavoxtech.com/</p>
	<p>6) Voice Amplifiers are a number of different devices have been created to assist people with disabilities that affect their speech volume. For example, the ChatterVox is a portable voice amplifier. It can boost your volume by as much as 18 decibels. It consists of a rechargeable "fanny pack" amplifier and speaker unit along with an extremely comfortable headset microphone. Even for someone who can barely speak or whisper, the ChatterVox or other voice amplifier device enables that person to be heard.</p> <p>Source: http://www.turningpointtechnology.com/Hearing/SpeechAids.htm</p>

Attachment D

Resource Sheet

AGBell Michigan Chapter

<http://www.agbell.org/MI/>

Division on Deaf and Hard of Hearing (DODHH)

Michigan Department of Labor and Economic Growth

201 N. Washington Square

Suite 150

Lansing, MI 48909

Phone: 517-335-6004 Voice/TTY

Toll free: 877-499-6232 Voice/TTY

Fax: 517-335-7773

Dodhh@michigan.gov

Videophone IP: dodhh.net

Web Address: www.mcdc-dodhh.org

EHDI (Early Hearing Detection and Intervention)

Michigan Department of Community Health

FAX Number: 517/335-8036

Videophone: 517/335-8273

http://www.michigan.gov/mdch/0,1607,7-132-2942_4911_21429-55522--,00.html

Hearing Loss Association of Michigan (HLA)

P.O. Box 4808

Troy, MI 48099

<http://www.mi-shhh.org/>

Michigan Association for Deaf and Hard of Hearing (MADHH)

2929 Covington Court, Ste. 200

Lansing, MI 48912-4939

(517) 487-0066 V/TTY

(800) YOUR-EAR V/TTY

VIDEOPHONE: madhh.zapto.org

Sorensen VP users: (517) 487-0202

yourear@madhh.org

<http://madhh.org/>

Michigan Deaf and Hard of Hearing Coalition

http://www.michdhh.org/about_us/index.html

Michigan Deaf Association (MDA)

P.O. Box 71501

Madison Heights, Mi 48071-0501

<http://www.mideaf.org/>

MRS Executive Office

201 N. Washington Square

4th Floor, P.O. Box 30010

Lansing, MI 48909

(800) 605-7277

(888) 605-6722 TTY

www.michigan.gov/mdcd

Sitris

Service to aid the Speech Impaired in making telephone calls

<http://www.mysitris.com/>

Attachment E

Federal Communication Commission Activity on Telecommunications Relay Services and Speech to Speech Services for Individuals with Hearing and Speech Disabilities

The Telecommunications Relay Services (TRS) docket was established per the Federal Communication Commission's (FCC) obligations under title IV of the Americans with Disabilities Act of 1990. Title IV added a new Section 255 that mandated the Commission to establish regulations for TRS, for all interstate and intrastate carriers to permit a hearing or speech impaired person to communicate with a hearing person. The Commission was charged with establishing regulations within one year of the ADA. Carriers then had two years to provide relay services. Additionally, state relay programs were charged with certifying that TRS providers met the minimum FCC standards. Since 1991, the FCC has revisited the regulations concerning TRS on numerous occasions to make available to consumers new forms of TRS and continually amend mandatory minimum standards to improve TRS quality consistent with the goal of "fundamental equivalency."

Below describes some of the FCC TRS activity since its inception, but a more comprehensive list can be found at http://www.fcc.gov/cgb/dro/trs_history_docket.html.

47 USCS § 255: Access by persons with disabilities requires that manufacturers of telecommunications equipment and providers of telecommunications services to make their products and services accessible to people with disabilities. It applies only to products designed, developed, and fabricated after the law took effect in 1996.

47 USCS § 225: Telecommunications services for hearing impaired and speech impaired individuals.

1990 Notice of Proposed Rulemaking: In response to the ADA, the Commission set out to establish the regulatory framework for the provisioning of TRS. The Commission proposed minimum mandatory standards.

1991 Report and Order – First Report and Order and Request for Comments in the Telecommunications Relay Services and the Americans with Disabilities Act of 1990 docket. Specifically, this Order:

- Required that each common carrier providing "telephone voice transmission service" provide TRS individually, or through a designee, competitively selected vendor, or with other carriers no later than July 1993.
- Established mandatory minimum standards for operational, technical, and functional procedures for TRS.
- TRS providers are required to handle "any type of call normally provided by common carriers," (to include coin sent paid calls) and placed the burden of

- proving the infeasibility on the relay provider. Providers filed petitions for reconsideration of the coin sent paid requirement.
- Sought comment on cost recovery and funding of TRS services.

Second Report and Order and Further Notice of Proposed Rulemaking (February 1993): The Commission declared that costs for TRS be recovered by shared funding and proposed that NECA be the fund administrator. TRS providers are to recover the costs of provisioning interstate TRS as part of the cost for interstate telephone services and not as a separate line item on the end user's lines.

Third Report and Order (July 1993): The Commission amended its rules to provide that TRS be recovered by a shared funding mechanism with NECA as the interim fund administrator. The order identified the interstate services subject to contribution by all carriers and recoverable by interstate TRS providers. Comments filed supported the shared funding mechanism and NECA as the fund administrator. The order also suspended the coin sent-paid rule for an additional two years, until July 26, 1995, to allow for the development of new technology to provide coin sent-paid service to TRS users.

Memorandum Opinion and Order (July 1995): The Commission concluded that TRS coin-sent paid service was technically infeasible and suspended the requirement for two years until providers update their technology (until August 1997), and adopted an Alternative Plan for the interim period. The Commission also directed carriers to file two reports on the effectiveness of the Alternative Plan, at 12 and 18 months after the issuance of the Order.

Telecommunications Act of 1996: Along with creating the framework that regulates the provisioning of telecommunications services in general since 1934, the '96 Act addressed relay services. Specifically, the Commission:

- Made provisions regarding access for persons with disabilities, specifically, Section 255 required that the Commission (1) exercise exclusive jurisdiction with any complaint regarding Section 255 and (2) develop guidelines for accessibility of telecommunications equipment and customer premises equipment, in coordination with the Access Board.
- Declared that Section 225 governs telecommunications relay services (TRS) for individuals with hearing and speech disabilities.
- Created Section 710 mandating that all wireline telephones are hearing aid compatible.
- Created Section 713 mandating close captioning accessibility.

1997 Suspension Order: The Commission gave additional requirements for the industry team to accomplish with regard to coin sent-paid calls. Specifically, the Commission directed the Industry Team to:

- Work with the hearing and speech disabled community to create and disseminate materials about TRS coin sent-paid calls, without advertising the services of individual carriers or relay providers.
- Send a consumer education letter to TRS centers, which could then use the letter to educate TRS callers about using payphones.
- Send one or more representatives to regional and national meetings sponsored by the hearing and speech disability community to disseminate information, and to demonstrate how to call TRS centers from payphones.
- Consult with representatives from organizations that represent the hearing and speech disability community to determine the feasibility of executing other proposals contained in the 18-Month Report.

The Commission continued to review all submission made by the Industry Team and continued to suspend the requirement in its 1998 Suspension Order, 1999 Suspension Order, and 2000 Suspension Order.

Report and Order Released in WT Docket 96-198 (September 1998): This Report and Order established rules to ensure that people with disabilities have access to telecommunications services and related equipment, if readily achievable. The rules adopted to implement Section 255 required manufacturers of telecommunications equipment to ensure that such equipment and providers of telecommunications services are accessible to and useable by persons with disabilities, if readily achievable. These rules were considered the most significant opportunity for the advancement of people with disabilities since the adoption of the ADA by allowing access to a broad range of products and services, such as telephones, cell phones, pagers, enhanced services (call waiting) and operator services.

Report and Order & Further Notice of Proposed Rulemaking (March 2000): This improved TRS Order changed many of the definitions and standards for traditional TRS to expand the kinds of relay services available to customers and to improve the quality of relay services. The FCC added speech-to-speech (STS) and interstate Spanish relay services as required forms of TRS. Video Relay Service (VRS) was concluded to be a form of TRS, but not a required form of TRS. However, all VRS calls would be eligible for cost recovery through the interstate TRS Fund. Specifically, the Commission:

- Redefined the statutory definition of TRS expanding it from relay services using a TTY to include STS, VRS and non-English language relay services.
- Required that common carriers provide STS and interstate Spanish relay services by March 2001.
- Did not require VRS but encouraged it by permitting carriers to be able to recover the costs associated with providing the service from the TRS fund.
- Required that all relay services, whether mandatory or voluntary, funded by the intrastate and interstate funds comply with the minimum service quality standards.
- Modified the speed of answer requirement so that customers reached a relay operator quickly.

- Imposed a minimum CA typing speed of 60 wpm.
- Amended the rules establishing a minimum time period a CA must remain on the call (traditional relay 10 minutes, STS 15 minutes).
- Amended the rules to allow the STS CA, at the request of the customer, to retain information beyond the duration of the call.
- Permitted the STS CA to facilitate a call for a user with a speech disability so long as the CA does not interfere with the independence of the user.
- Required that relay providers offer STS users the option to maintain at the relay center a list of frequently called names and telephone numbers.
- Established that information gathered by relay providers on individual caller preferences and used to complete TRS calls is not customer proprietary network information (CPNI) under section 222 of the Act.
- Required TRS providers to automatically and immediately transfer emergency calls to the appropriate 911 operator and relay information orally.
- Concluded that section 225 by its terms does not prohibit the Commission from requiring relay services to accommodate enhanced or information services.
- Required relay service to accommodate interactive menus and other recorded messages.
- Required relay service to include the ability to make pay-per-call calls.
- Required states to notify the Commission about substantive changes in their TRS programs within 60 days of when they occur.
- Required states and providers to submit to the Commission a contact person or office for filing consumer complaints, to be posted on the Commission's web site.
- Adopted the Commission's informal complaint process for TRS complaints.
- Required state programs and interstate TRS providers to maintain a log of consumer complaints that allege a violation of the minimum standards and annually report to the FCC the number of complaints received.

Second Notice of Proposed Rulemaking (March 2001): The Commission contended that because there was no imminent appearance of a technological solution to the coin sent-paid issue, it issued this Second Further Notice of Proposed Rulemaking (Notice) to determine the best plan to make the full range of payphone services available to TRS users. The Commission had to determine if the coin sent-paid rules are efficient and cost-effective for TRS users. In this Notice, the Commission sought comment on whether to modify the Commission's rules to permit TRS providers to treat coin sent-paid TRS calls in a manner different from all other calls, or to suspend permanently the enforcement of the requirement that TRS providers be capable of handling any type of call with respect to coin sent-paid calls. Additionally, the Commission sought comment on its proposed rules to provide functionally equivalent payphone service to TRS users in order to develop a sound policy on the obligations of TRS providers with respect to coin sent-paid calls. Specifically, the Commission proposed new rules that enabled TRS users to make relay calls from payphones without coins, that are functionally equivalent to non-TRS users and to provide education and outreach needed to ensure everyone is aware of this functionality; proposed that TRS providers not charge TRS users for making calls that would be otherwise local from payphones; proposed that TRS providers enable TRS users to use calling cards, credit or third party billing for toll calls; and proposed that TRS

providers conduct consumer education programs to teach the public of the payphone options.

Declaratory Ruling and Second Further Notice of Proposed Rulemaking (April 22, 2002): The Commission released this order further expanding the scope of TRS by including IP Relay within the statutory definition of TRS. The Commission did not require TRS providers to provide IP relay but cost recovery for intrastate and interstate IP Relay was authorized, on an interim basis, from the Interstate TRS Fund.

Fifth Report and Order (October 25, 2002): In response to the Second NPRM of March 2001, the Commission issued this order. Specifically, the Commission:

- Eliminated the requirement that TRS carriers and providers be capable of providing coin sent-paid TRS service from payphones.
- Mandated that local payphone calls made through TRS centers continue to be provided by carriers to TRS users on a cost-free basis.
- Made TRS users responsible for determining whether the call is local before providing a prepaid card access code to a communications assistant.
- Declined to require local TRS calls be rated differently.
- Found it to be not technically feasible to make toll coin sent-paid relay calls. So, the FCC required carriers to allow the use of calling cards, prepaid cards, collect or third party billing for toll calls from payphones.

Second Report and Order, Order on Reconsideration & NPRM (June 17, 2003): This Second Improved TRS Order took a further step toward fulfilling the goals of Title IV of the ADA by requiring additional TRS features and services to facilitate and expand the use of TRS by persons with hearing and speech disabilities. First, the Commission required that TRS providers offer certain LEC-based improved services and features where technologically feasible, several additional types of TRS calls, and other services and features through which consumers with varying needs can access and use TRS. It also revised the requirements for handling emergency calls. Finally, it provided guidance for public access to TRS-related information to improve the usability of TRS for all Americans. Specifically, the Commission required that TRS providers:

- Offer certain LEC-based improved services and features where technologically feasible.
- Offer new mandatory types of calls (two-line VCO, two-line HCO, VCO-to-TTY, VCO-to-VCO, HCO-to-TTY and HCO-to-HCO).
- Offer other services and features (answering machine retrieval, call release, and three-way or conference calling).

In the Order on Reconsideration, the Commission addressed the issues raised and granted in part and denied in part the Petitions for Reconsideration:

- By clarifying the term “hot key” as not related to any specific technology but refers to a one-stroke technology at the CA terminal.

- Declaring that its existing requirement for session logs for STS calls is reasonable and necessary for a minimum of 15 minutes for a STS CA to remain on the call (denying WorldCom's PFR).
- Declined to suspend the definition of a qualified interpreter.
- Denied petitions for amending the speed of answer requirement and CA minimum typing speed of 60 wpm.

Declaratory Ruling (August 2003): This Declaratory Ruling found that captioned telephone VCO service is a type of TRS and that eligible providers are able to recover costs in accordance to Section 225 of the Act. It also clarified that certain TRS mandatory minimum standards do not apply to captioned telephone VCO service and waived other mandatory minimum standards for existing and future providers of this service.

Order (February 2004): This order waived for one year the requirement that TRS providers offer three way calling functionality as mandated in the Second Improved TRS Order.

Report and Order, Order on Reconsideration & FNPRM (Released June 30, 2004): This order took an even further step toward fulfilling the goals of Title IV of the ADA by addressing cost recovery for various TRS services, such as IP relay and VRS, and further refining the rules governing the provision of TRS services. Specifically, the Commission:

- Declined to adopt its tentative conclusion in the NPRM to assign at least the same NSEP priority status to TRS that applies to telecommunications carriers or other telecommunication services available to the general public.
- Declined to adopt a national outreach program or to permit the Interstate TRS fund to fund such a campaign. The Commission also declined to adopt new rules related to a national outreach program and declined to adopt rules providing that the Commission certify providers that are eligible for compensation from the Interstate TRS Fund.
- Declined to adopt certain obligations of IP relay providers as it relates to technologies to ensure confidentiality of IP relay calls.
- Found it premature to implement guidelines for TRS centers for the routing of wireless emergency TRS calls. The Commission opted to defer consideration of issue until further implementation of the E911 requirements.
- Affirmed its conclusion that non-shared language TRS exceeds the functional equivalence mandate and finds that non-shared language TRS is equivalent to translation services.
- Declined to adopt a standard call set up time for all forms of TRS or call set up times for the various forms of TRS (VRS, IP Relay).
- Found it premature to require the use of CART.
- Declined to require interrupt functionality at this time.

- Found that TRS providers are capable of providing anonymous call rejection, call screening, and preferred call-forwarding as long as the TRS consumer subscribes to the service.
- Declined to require talking return call and busy line monitoring features at this time.
- Found it premature to require the use of SRT by TRS centers as well as any particular transmission speed technology.
- Declined to require the use of additional TTY protocols.
- Granted Sprints 711 Petition pertaining to the manner in which Sprint provides 900 pay-per-call services to users who dial 711 to access a relay center.
- Granted, in part, petition for reconsideration with respect to the requirement to route emergency calls to the appropriate PSAP and amended its rules accordingly. Adopted the definition of appropriate PSAP as “either a PSAP that the caller would have reached if he had dialed 911 directly, or a PSAP that is capable of enabling the dispatch of emergency services to the caller in an expeditious manner” and amended rule 64.404(a)(4) accordingly. Furthermore, since the Commission removed its requirement to route emergency TRS calls to the same PSAP as it would have if that caller dialed 911 directly, the Commission contends that all TRS providers should be able to satisfy the requirement per the new definition prior to August 24, 2004.
- Found it unnecessary for TRS providers to update its PSAP database at the same frequency as PSAP routing databases are updated for 911 and continue to require TRS providers to update their databases per the existing requirements.
- Found it still the obligation for TRS centers to handle emergency calls – if a caller dials 711 or the 10-digit number, the CA must handle the emergency call by routing the caller to the appropriate PSAP, per the new definition, and it is not permissible for the CA to tell the caller to hang up and dial 911 directly.
- Denied a joint petition for reconsideration of the Coin Sent Paid Fifth Report & Order, declining to impose cost parity for toll calls via payphone made by TRS users and made by non-TRS users.
- Declined to adopt a national outreach program with respect to coin-sent paid, or to impose specific outreach obligations on carrier relating to payphone calls.

The FNPRM addressed many outstanding issues related to the provisioning of Video Relay Services and IP Relay. The Commission attempted to take the first steps in the expansion of traditional relay services as we know them today by exploring the enhancement of the mandatory minimum standards to include VRS and IP relay. Generally, the Commission sought comment on the following key issues:

- The appropriate cost recovery methodology for VRS.
- The mechanism in which to determine whether IP relay calls and VRS calls are interstate or intrastate.
- VRS and IP relay becoming mandatory minimum standards.
- VRS and IP relay being available 24 hours / 7 days a week.
- Speed of answer requirement of VRS and if so, how should that be determined.

- Separate recovery rates for traditional relay services and IP relay.
- Certification and oversight of VRS providers and IP relay.
- The composition of and role of the TRS Advisory Council.
- Harassment of CAs, sometimes behind anonymity of an IP relay call.

Order (February 2005): This Order address the current waiver of the telecommunications relay services (TRS) requirement that TRS providers (including providers of captioned telephone service) offer three-way calling functionality as a TRS mandatory minimum standards. On February 24, 2005, the one-year waiver of this requirement will expire. This Order clarifies the manner in which TRS providers may comply with this rule; as a result, a waiver of this requirement is no longer necessary.

ASL-Spanish Translation Video Relay Service Eligible for Compensation from Interstate TRS Fund, (News Release), released July 14, 2005: The FCC concluded that Spanish translation Video Relay Service (VRS) - in which the communications assistant (CA) translate what is signed in American Sign Language (ASL) into spoken Spanish, and vice versa - is a form of telecommunications relay service (TS) from the Interstate TRS Fund. This decision will allow Spanish-speaking people who are deaf to communicate with others who speak only Spanish and allow them to integrate more fully into society.

In the Matter of Telecommunications Relay Services and Speech-to-Speech Services for Individuals with Hearing and Speech Disabilities, (Report and Order), FCC 05-140, adopted July 14, 2005, released July 19, 2005: In the Report and Order, the Commission addresses three issues related to the provision of Video Relay Service (VRS), a form of telecommunications relay service (TRS): (1) the adoption of a speed of answer rule for VRS; (2) whether VRS should be required to be offered 24 hours a day, 7 days a week (24/7); and (3) whether VRS providers may be compensated for providing VRS Mail. As set forth in the Report and Order, the Commission concludes that because speed of answer is central to the provision of "functionally equivalent" TRS, and VRS is now a widely used - if not the preferred - form of TRS, VRS providers must provide service in compliance with the speed of answer rule adopted herein to be eligible for compensation from the Interstate TRS Fund. The Report and Order also concludes that VRS must be offered 24/7 and that VRS providers may be compensated for providing VRS mail. The Report and Order also closes TRS Docket No. 98-67 which opened in 1998.

In the Matter of Telecommunications Relay Services and Speech-to-Speech Services for Individuals with Hearing and Speech Disabilities, (Order), FCC 05-141, adopted July 14, 2005, released July 19, 2005: In the Order, the Commission grants a request for clarification that two-line captioned telephone service is a type of telecommunications relay service (TRS) eligible for compensation from the Interstate TRS Fund. The Commission also grants the National Exchange Carrier Association, Inc. (NECA) proposed allocation methodology for determining the number of inbound two-line captioned telephone minutes that should be compensated from the Interstate TRS Fund.

In the Matter of Telecommunications Relay Services and Speech-to-Speech Services for Individuals with Hearing and Speech Disabilities, (Order), CG Docket No. 03-123, DA

05-3139, adopted December 2, 2005, released December 5, 2005: In this Order, the Commission extends the waiver for one year in view of continued technological challenges to determining the geographic location of TRS calls that originate via the Internet, and the November 30, 2005, VRS 911 NPRM addressing this issue. Accordingly, the waiver of the emergency call handling requirement for VRS providers will expire on January 1, 2007, or upon the release of an order addressing this issue, whichever comes first.

In the Matter of Telecommunications Relay Services and Speech-to-Speech Services for Individuals with Hearing and Speech Disabilities, (Order), CG Docket No. 03-123, FCC 06-81, adopted June 12, 2006, released June 16, 2006: This Order addresses two issues concerning the provision of Video Relay Service (VRS), a form the telecommunications relay services (TRS), raised in the Further Notice of Proposed Rulemaking in the 2004 TRS Report and Order & FNPRM. The Commission clarifies that if the calling party or the VRS communications assistant (CA) find that they are not communicating effectively given the nature of the call, the 10-minute in-call replacement rule does not apply and the VRS provider may have another CA handle the call. The Commission also clarifies that the VRS CA may ask the VRS user questions during call set-up when necessary to assist the CA in properly handling the call.

In the Matter of Telecommunications Relay Services and Speech-to-Speech Services for Individuals with Hearing and Speech Disabilities, (Order), CG Docket No. 03-123, DA 06-1627, adopted August 14, 2006, released August 14, 2006: In this Order, the Commission clarifies waivers of certain TRS mandatory minimum standards for captioned telephone relay service, a form of TRS. The Captioned Telephone Declaratory Ruling waived the following mandatory minimum standards for the provision of captioned telephone service: (1) CAs must be competent in interpreting typewritten American Sign Language (ASL); (2) TRS providers must give CAs oral-to-type tests; and (3) CAs may not refuse sequential calls. These waivers expired on August 1, 2006. The Commission clarifies that these requirements do not apply to captioned telephone services that use voice recognition technologies (instead of typing) to convey messages and that do not have the CA play a role in setting up the calls.

In the Matter of Telecommunications Relay Services and Speech-to-Speech Services for Individuals with Hearing and Speech Disabilities, (Order), CG Docket No. 03-123, DA 06-2532, adopted December 15, 2006, released December 15, 2006: TRS providers are required to handle emergency calls by immediately and automatically transferring the calls to an appropriate public safety answering point (PSAP). The Commission has waived this requirement for providers of Video Relay Service (VRS), a form of TRS, due to the technological challenges related to determining the geographic location of TRS calls that originate via the Internet. This waiver expires on January 1, 2007. As explained in the herein, the Commission extends the waiver for one year in view of these continued technological challenges. According, the waiver of the emergency call handling requirement for VRS providers will expire on January 1, 2008, or upon the release of an order addressing this issue, whichever comes first.

Internet Protocol Captioned Telephone Service Eligible for Compensation from the Interstate TRS Fund, (News Release), released December 20, 2006: The Commission adopted a Declaratory Ruling finding that Internet Protocol (IP) captioned telephone service (IP CTS) is a type of telecommunications relay service (TRS) eligible for compensation from the Interstate TRS Fund. The Commission acted in response to a petition by Ultratec, Inc., that was widely supported by the disability community.

In the Matter of Telecommunications Relay Services and Speech-to-Speech Services for Individuals with Hearing and Speech Disabilities, (Declaratory Ruling), CG Docket No. 03-123, FCC 06-182, adopted December 20, 2006, released January 11, 2007: In the Declaratory Ruling, the Commission grants a request for clarification that Internet Protocol (IP) captioned telephone relay service (IP captioned telephone service or IP CTS) is a type of telecommunications relay service (TRS) eligible for compensation from the Interstate TRS Fund when offered in compliance with the applicable TRS mandatory minimum standards. The Commission also grants the request that all IP CTS calls be compensated from the Interstate TRS Fund until such time as the Commission adopts jurisdictional separation costs for this service. The Commission conditions its approval on Ultratec's representation that it will continue to license its captioned telephone technologies, including technologies relating to IP CTS, at reasonable rates.

Includes results of 113 on-line responses (341 visits) and 115 written responses: 228 total responses

Customer Survey Results

The survey was available both on-line and in written form.

The results of both methods have been compiled into this document.

Column A reports a count of raw responses.

Column B shows the relative percentage of responses

A B

1. What is your age?

8-19	3	1%
20-29	21	10%
30-39	24	11%
40-49	36	17%
50-59	53	24%
60-69	39	18%
70+	<u>42</u>	<u>19%</u>
	218	100%

2. What is the highest level of education you have completed?

Less than high school:	23	10%
High school/GED	51	23%
Some college	45	20%
2 year (associates)	17	8%
4 year (BA/BS)	41	18%
Master's degree	39	17%
Doctoral degree	9	4%
Professional degree	<u>1</u>	<u>0%</u>
	226	100%

3. How many people, including yourself, are in your household?

Zero	4	2%
One	60	25%
Two	100	42%
Three	36	15%
Four	27	11%
Five	6	3%
Six	3	1%
Twenty-one	<u>1</u>	<u>0%</u>
	237	100%

4. Please indicate how many individuals in your household are Deaf, Deaf/Blind (DB), Hard of Hearing (HoH) or Speech Impaired?

Deaf	125	48%
Deaf/Blind	6	2%
Hard of Hearing	110	42%
Speech Impaired	<u>22</u>	<u>8%</u>
	263	100%

5. Which of the following telecommunications tools do you currently use?

TTY	91	25%
Video Phone	80	22%
CapTel	33	9%
Standard Telephone	53	15%
Telephone with amplifier	68	19%
None	11	3%
Other	<u>24</u>	<u>7%</u>
	360	100%

6. Which of the following mobile telecommunications devices to you currently use?

Tmobile Sidekick	39	17%
Blackberry	23	10%
Treo	4	2%
Cell phone	87	38%
None	69	30%
Other	<u>9</u>	<u>4%</u>
	231	100%

7. Which of the following accessories do you use with your telecommunications devices?

T-Coil on hearing	60	20%
Neckloop	20	7%
Printer	24	8%
Answering Machine	59	19%
Cochlear implant accessory	23	8%
Headset	7	2%
Large visual display	11	4%
None	87	29%
Other	<u>13</u>	<u>4%</u>
	304	100%

8. Which of the following alerting systems to you use with your telecommunications

Light	88	30%
Vibrating pager	67	22%
Loud ringer	75	25%
None	56	19%
Other	<u>12</u>	<u>4%</u>
	298	100%

9. How often do you use your communication devices?

Hardly at all (0-1/day)	28	13%
Several times (2-4/day)	76	35%
Many times (5-7/day)	60	27%
Never without it (8 or more)	<u>55</u>	<u>25%</u>
	219	100%

10. Which is the most important to you?

Having an accessible telephone in my home	72	33%
Having an accessible telephone at my work	4	2%
Having an accessible mobile device	22	10%
All of these	<u>117</u>	<u>54%</u>
	215	100%

11. Are you familiar with your rights to accessible communication as a Deaf, DB, HOH or SI individual?

Yes	137	63%
No	<u>81</u>	<u>37%</u>
	218	100%

12. Who purchased or provided the equipment you currently use?

Self	160	73%
Employer	14	6%
MI Rehab Services	15	7%
Other	<u>31</u>	<u>14%</u>
	220	100%

13. If you purchased the equipment yourself, where was it purchased?

Retail store	87	41%
Mall kiosk	8	4%

Catalog	53	25%
Online	47	22%
Other	<u>17</u>	<u>8%</u>
	212	100%

14. Are you satisfied with your current communication access?

Yes	122	59%
No	<u>84</u>	<u>41%</u>
	206	100%

15. If no, what would increase your level of satisfaction?

More equipment options to choose from	56	35%
More vendor showrooms to test before buying	53	33%
More training	31	19%
Other	<u>21</u>	<u>13%</u>
	161	100%

16. Please estimate how much money you have spent on specialized telephone equipment in the past 12 months.

\$0 - 50	73	35%
\$50-100	37	18%
\$100-150	23	11%
\$150-200	17	8%
More than \$200	37	18%
More than \$500	<u>24</u>	<u>11%</u>
	211	100%

17. Please estimate how much money you have spent on specialized telephone equipment in the past 5 years.

\$0 - 100	57	26%
\$100-200	25	11%
\$200-300	33	15%
\$300-400	18	8%
\$400-500	17	8%
More than \$500	37	17%
More than \$2,500	<u>31</u>	<u>14%</u>
	218	100%

18. Are you familiar with agencies or organizations in your area that provide services for people who are Deaf, DB, HOH or SI?

Yes	146	67%
No	<u>72</u>	<u>33%</u>
	218	100%

19. Are you familiar with agencies or organizations elsewhere in Michigan that provide services for people who are Deaf, DB, HOH or SI?

Yes	116	54%
No	<u>100</u>	<u>46%</u>
	216	100%

20. Are you aware of any programs that can help with the financing of specialized telecommunications equipment?

Yes	57	26%
No	<u>161</u>	<u>74%</u>
	218	100%

21. If yes, please check the funding sources you are familiar with.

Payment plan through telephone company	44	67%
Assistive Technology Loan Fund	<u>22</u>	<u>33%</u>
	66	100%

22. Are you aware of any of these free or reduced cost technology distribution programs?

Free VP phone	93	37%
Free NexTalk for the compute	19	8%
Reduced cost CapTel for MI residents	41	16%
Not familiar with any of these	<u>97</u>	<u>39%</u>
	250	100%

23. Have you ever been a resident of a state that has a Telephone Equipment Distribution program?

Yes	32	15%
No	<u>177</u>	<u>85%</u>
	209	100%

24. If yes, did the program enhance your access to telecommunications systems?

Yes	34	52%
No	<u>31</u>	<u>48%</u>
	65	100%

"Other" responses from Zoomerang Survey (written survey responses below)

Attachment G Sheet 2

#	Question 5: Other devices used	Question 6: Mobile Tech Devices:	Question 7: Other Accessories	Question 8: Alert Systems	Question 12: Who purchased your equipment	Question 13: Where was it purchased?	Question 15: What would increase satisfaction?
1	sidekick2	Am not able to hear on them, so I do not use one	heavily dependent on email	vibracall	MCB/DB Unit	called the phone company	equal cost text plans for hearing to contact DHH
2	texting on Cell phone	iPhone	speakerphone tool with CI's mic on.	Vibrating Cell phone	Self for home and mobile & employer for work	Did not purchase myself	to live in the city for convenient of vp usage
3	Uniphone	I use a cell phone only for text messages	Ausiologist want HA, but waiting for funds	vibrator on cell phone	TEDP program and Vocational rehabilitation from WI	lions	considering buying a blackberry or equivalent.
4	text message and e-mail	Coupled with an audio neckloop	Hearing aids	Paws with a Cause service dog	work-employer home-self	Deaf Sprint rep for Blackberry	i need high-speed internet in my home to get vp
5	Instant Messaging	none	Speaker on telephone	flasher only for videophone	home-self; work-employer	Retail store & catalog & on line.	T-coil setup in classrooms and churches
6	If I call a deaf person, I use Michigan Relay serv	Two-way Radio	headset meaning "handsfree device" for tcoil user	Ameriphone Alertmaster 6000 notification system	Sorenson for vp, but TTY (self), Blackberry (self)	First Beltone; now Genesis (on-line)	Comparison chart of available options
7	speaker phone on one line and t coil on all	tmobile samsung flip phone	old michigan bell amplified hand set	vibrating cellphone and cordless	a combo of self, employer, and MCB/DBU	sorenson bought it	Telephone Company more helpful
8	Audio Neck loop coupled with amplified phone		speaker phone	shake awake to phone line used when c.i is off	Parents	pager from TMobile	Lower cost for text messages
9	captioned TV		Caller I.D.	smoke alarm w/light doorbell w/light	sorenson	Patial cost of hearing aids to suppliment MRS audiologist	better quality
10	Video Phone on computer		T-coil on cochlear implants	my cat goes to answer machine when message goes	Mac user, VP service		Knowing what is available and +s and -s of each
11	IP Relay, Sprintrelayonline		T-coil on Cochlear implant	Hearing dog	Sorenson provided for free, IP Relay - internet	MULTIPLE RESPONSES! ALL ABV & SELF (dealer)	lower cost
12	aids, amplified stethoscope		hearing aid	Paws Dog	Sorenson but still pay high speed internet myself	hearing consultant	\$ support; lower prices, more research
13	Hearing Aids				Spouse	not sure	Lower costs for equipment.
14	capitel at other people's homes				Parents	Assistive listening device store for hearing impai	to sell the OLD handsets mich bell use to have
15	cell phone with neck loop				MULTIPLE RESPONSES: self for most; one HA: MRS	n/a	would like to have Capitel as an assist....
16	induction loops in home TV room, church, etc.				purchased one self and one employer	FM from audiologist, HA compatible cell from Cingu	Compatibility problems: phone - DSL
17	FM assistive listening device				son, husband and me		have a trial period for 2 weeks before purchase
18	computer email....don't have TTY or TDD				MRS purchase one and I purchase one for home		demonstration and tax credits for less fortunate
19	telephone with silhouette telecoil adapter				Veteran's Association		Better person doing the captioning
20					Gift		looped public venues (theatre, ticket booths, etc)
21					retired		Need cell phone with operating T-coil

Additional final comments from online responders:

- 1 #21) Local Lions Clubs will sometimes purchase TTY/Amplified phones for those with limited incomes (100% or below poverty levels) But this is not universal state wide, depends on the individual lions clubs.
- 2 Michigan is one of only a few states that does not have this program. We need equal access to communication at home, at work, and also in emergency situations.
- 3 Any program should be tailored to the ability of those potential receivers of the program.
- 4 I am interested in a captioning service for my phone system at work, as I have been unable to find any compatible equipment to work.
- 5 No. I don't know enough to ask intelligent questions.
- 6 I have 3 phone installations but only two work well for HoH. the third usually fails me. I will probably by another phone with speaker for it.
- 7 Our area is fairly remote. We have to travel about 200 miles to access a showroom with devices to try out.
- 8 Since I fit in the HOH group, I feel many non-HOH just look irritated when I make the wrong (or no) response. Even my Pastor is not an advocate; I can go ballistic in such a situation. There is too much talk about "caring" and not enough actual caring.
- 9 Because I am married and husband has hearing, I don't use a lot of the equipment for deaf and/or hard of hearing. He hears phone or doorbell, etc. when I am not wearing hearing aid. If I was alone, I would have to utilize all of the devices to alert me to sound, i.e., phone, doorbell, smoke alarm, alarm clock.
- 10 In regard to #22, I'm not familiar with the latter two items. In regard to #23, I don't even know if Michigan is one of those states, hence I answered no. We dropped the landline because SBC was getting too expensive and was robbing us with such outrageously high fees that we didn't need. Talk America didn't live very long and we dropped that too. No more landlines for us. VP only although my being DB now, in future I will need something like a CF (Communications Facilitator) for me to make VP calls. I also want to continue making relay calls on my computer, but it will be too expensive for me to get a braille display and JAWS for my home computer.
- 11 There is hardly a mention in your SURVEY about the exorbitant price of hearing aids. Why ?
- 12 none
- 13 My 87 year old mother ask me to help her with this survey. We tried to find equipment for her through the Telephone Company. They indicated that she would have to drive 50 miles to come to the closest office where assistive devices could be obtained. Could you please write articles for local newspapers to inform persons who are deaf or have hearing impairment about services and assistive devices, since most seniors do not use computers.
- 14 where can I borrow video ASL program and also speechreading programs, as I work and need to learn on my own time. I am in Berkley, MI
- 15 Would like to learn more about what is available, its uses and costs, and how to obtain.
- 16 great survey but need to be able to answer more than ONE option for question #s 12 & 13 at least, and should we include "hearing aids" or CIs in answering question #12. Perhaps clarify this if you revise this survey. Also more space needed for accurate responses. THANK YOU AGAIN !!!!
- 17 I have my office phone a) tied to a loop, and also b) to a binaural headset with boom mic. Both provide excellent binaural (two-eared) listening, which is a huge advantage . . . much better even than what my Ultratec Crystal Tone phone provides for one-eared listening. I'd suggest enabling the availability of binaural phone reception devices.
- 18 It costs too much to purchase equipment that doesn't get used. I have so many phone gadgets in my closet I could open a store myself.
- 19 the only hand set that works well enough for me to hear comfortably on a land line is the old mich bell handset. I purchase one last year that looked similar (I own 2 of the original ones michigan bell sold) but the quality was terrible. I prefer to use the analog phones to the digital ones. thank you
- 20 From my understanding, CapTel is not available to everyone unless you are in govt, military but really feel discriminated when rest of us do not fit special requirement enough nor afford such device. Others of us are already broke with the \$60G cochlear and still like some assist from time to time.

Also, blackberry, treo, etc are exorbitant in cost and wouldn't mind keeping up with today's times text, talking, etc but simply not cost effective when dealing with large cochlear expense including batteries. Being part of both Hard-of-hearing, deaf and now hearing again with cochlear, should spearhead some cost effective rates for those who like to text, email, talk on cell.

21	I wish that cellphones with a T4 rating were more affordable so that I wouldn't need a specialized telecoil adapter that breaks down after awhile. Nextel's T4 rated phone has so many bells and whistles and at over \$200 is too expensive. I would think that most hearing impaired are more interested in a clear sounding, good t rated phone than one that has lots of add-ons such as camera, mp3 player. Right now, I have no choice of a simple T4 rated cellphone to make communication easier for me.
22	Hearing aid compatible cell phones are not available from all providers (e.g. TracFone) and/or can not be tested.
23	I hope that the results of this survey increase the knowledge and options for the hard-of-hearing in our state!
24	brochure with what resources available to those that are not aware of what is free and what is the low cost of the captel and whom to contact with those all informations from. Also if there is website where to get informations too.
25	<p>I would like to have a telephone that would have a read out feature that would be compatible with my analog phone line.</p> <p>This way it would not be such a chore to try to understand what people are saying. Is this possible ??</p> <p>Virginia Hart hart963@sbcglobal.net Thank you</p>
26	This was completed by a hearing supervisor who particiaptes in AT for employment purposes.
27	n/a
28	I keep a cell phone in my car with a HATIS device, but never really use it because attaching the HATIS to the phone and to my ears is so cumbersome. The phone might come in handy in a emergency, but it would take a few minutes to connect it. It has been so long since I used it that I am not sure how to turn the thing on when I would need it.
29	Is there a pamphlet/site listing the places in my area that are looped?
30	I am newly HOH and am in need of any information that would assist.
31	Was able to try my last cell phone before purchase, thus I got a phone that was satisfactory. Previously my cell phone was not satisfactory partly because I was unable to test it before purchase.
32	I do have a Cochlear Implant but am not able to understand over the phone thru the implant. I am wondering if there are any accessories available that might help me
33	<p>since I am on very low income living, I could not have vp. I can not afford to have high speed. Hope sometime later there will be a way to be cheapen the high speed.</p> <p>thank you</p>
34	I am able to use certain phones easily with my T-coil and some are difficult to hear. My phone at work is great and my cell is pretty good, but I can't find a phone to use at home. I tried the captel, but the captioning was too slow as I can hear nearly everything. Also, I didn't find it useful for others to have to call a special number. Most of my incoming calls are not from close friends, but businesses. Thank you for all your efforts to help us access communications that are taken for granted by most people. I have not taken advantage of reduced cost programs because my income is too high and those services should be for others who cannot afford the cost.

Additional final comments from written responders :

1	Yes please train the michigan really since I don't use their service is bad I use maryland relay they service is best!
2	Need more communications, not enough
3	I would like VP for work and/or deaf-blind relay
4	I would like to buy another captel telephone but they told me that it will be cost five hundreds. I was sad and can't afford it.
5	Strive for cheaper rate
6	
7	I think high speed internet service should be free for video phone use. I have AT&T but have to pay for high speed and I don't even have a computer.
8	I have and use a fax machine.
9	My phone is 5 years old I need a new one but cannot get one because my income is so low, \$558 a month now.
10	I notice there are more ways of communications- I'm interested in free nextel for the computer also- the Captel
11	I'd like to see more standardized equipment for hearing aid recipients and cochlear implant users. There are many options available but it is quite difficult to know what to choose for one's level of hearing.
12	I just need and like my relay phone
13	I would appreciate that captioning was as instantaneous on the telephone as it is on the TV
14	Why is it so hard for deaf people to get some help with paying for equipment. Whatever equipment deaf people need to buy should be given a lifetime warranty as long as they own the product and free repairs. Being deaf is a lifetime thing and usually cannot be made better.
15	I need to have video relay or I need free VP phone
16	I need access to inexpensive telephone communication on my job
17	No flasher from VP in basement, last July I ordered OJO video phone, but never heard from OJO video phone.
18	I am still waiting my work to supply me with captel phone
19	I lived in South Carolina for 6 months while I was undergoing bilateral cochlear implantation and therapy. I was not considered a resident of SC because I was on a medical leave of absence from my job in Michigan. However, I discovered SC has a free dist
20	Thanks for preparing, circulating this survey and compiling responses. Your followup will be observed and helpful.
21	Telecommunications equipment does not appear to be my present problem, other than the rapidity of speech which does not come over clearly and the rapid, distracting background of cap. Television, with several lines running at a time. Hearing aids, their purchase and repair costs. Thankyou for your interest!
22	Help!
23	A TTY is cumbersome to haul around so it is a "dinosaur"! Text messaging and emails are awesome for a deaf person.
24	Wish I had an answering machine with a text message--hard time understanding voices.
25	Received cochlear implant in 2001- now able to use standard phone and function well in the hearing world!
26	Would like more info on these programs
27	Have no way of communicating outside of my home.
28	I wish I could find away to buy another hearing aid. I'm do to have 90% lost in one the other no hearing at all.

29	I am not deaf, deaf/blind, hard of hearing, speech impaired, at this time
30	I am not deaf blind HOH SI!
31	I have 5 diff. kinds of seizures, I would like a phone in my bedroom how would I get one put in my room
32	I feel this is geared more towards hearing and blind impairments, mine has more to do with speech.
33	Any help that I can get would be greatly appreciated, in terms of anything other than just a regular speaker phone because people have a hard time understanding me and often get frustrated and hang up.
34	We currently are cavalier telephone having trouble getting monthly itemized bills for tax purposes for our business getting \$700 bills with no recourse to check the calls we made-- this telephone company needs to be investigated
35	Yes, why isn't there someplace that can help w/ phone bills when your ph. Is a necessity due to your health? I only live on \$600 per month and after having a ph. For 40 yrs. They turned me off even though they know my health, finances, I'd never been turn

Attachment H

INPUT FROM ORGANIZATIONS REPRESENTING THE DEAF, DEAF-BLIND, HARD OF HEARING AND SPEECH IMPAIRED COMMUNITIES.

Michigan Coalition for Deaf and Hard of Hearing People
2929 Covington Court
Suite 20
Lansing, MI 48912

Phone: V/TTY 517-487-0066
Fax: 517-487-2586

**AT&T, Michigan Relay
Center**

**Communication
Access
Center Deaf/Hard of
Hearing**

**Connections for Deaf
Citizens**

**Constance Brown
Hearing
Center**

Deaf-Blind Central

DeafCAN

**Deaf and Hard of
Hearing
Services**

**Deaf and hearing
impaired
Services**

Deaf Options

**Division on Deaf and
Hard of
Hearing**

**Early Hearing Detection
and
Intervention**

**Hearing Assistive
Technologies, Inc.**

**Hearing Loss
Association of
Michigan**

Lamphear / LISN

**L'n L interpreting
Professionals**

**Michigan Association
for
Broadcasters**

**Michigan Association
for
Deaf and Hard of
Hearing**

**Michigan Chapter of
AG Bell**

December 12, 2007

Dan Kearney, Supervisor
Operations& Tariff Section
Telecommunications Division
Michigan Public Service Commission
PO Box 30221
Lansing, MI 48909

We are a Coalition of 25 Agencies, office and business throughout the State of Michigan that serves, advocate or educate about the special needs of Deaf and/or hard of hearing populations via any numbers of avenues.

We are seeking to provide input on the limited access that Deaf and hard of hearing people have to telecommunications. While we are proud to have the distinct achievement of assisting in the creation of Michigan Relay Center in the past, so much more needs to be done.

Deaf and hard of hearing people continue to face hurdles in having full access to telecommunications. While the cost of relay is free, getting equipment to use telephones directly or even to access relay is still difficult, especially for those with limited incomes. Even with incomes over the poverty level, the burdens of comparable costs of getting equipment are worrisome and still out of reach for many. The

**Michigan Registry of
Interpreters for the
Deaf**

**Michigan Supervisors
of
Public Programs for
the HI**

**Muskegon Hearing and
Speech Center**

**New Horizons
Rehabilitation
Services**

ScreenLine

**Sign Language
Services of
Michigan**

**William Beaumont
Hospitals**

average person can pick up a corded phone at any discount department or home improvement store for a few dollars. Install a needed amplifier on that phone, and the costs can be ten times that it would be otherwise. The cost of the captioned telephones is currently \$100, plus shipping but at any time, that special introductory cost could escalate to \$500-00. The cost of amplified cordless phones is generally three to five times the cost of a comparable non-amplified phone. While TTY's are slowly being phased out in favor of the Videophone for Deaf consumers, it's costs still remain high, in nearly all cases over \$200 and up to \$600.00, whereas the videophone phone equipment is free, with the consumer needing only to pay for the monthly service. However, TTY's still need to be affordable and accessible in emergencies, as new technology is not always available. This is especially true when the electricity is out, but the phone lines often still work. The Coalition strongly urges you to consider any way to assist these consumers in getting full access to telecommunications.

Please feel free to call if you have any questions.

Sincerely,

Nan Asher, Chairperson



JENNIFER M. GRANHOLM
GOVERNOR

STATE OF MICHIGAN
MICHIGAN COMMISSION FOR THE BLIND
PATRICK D. CANNON
STATE DIRECTOR

DEPARTMENT OF LABOR
& ECONOMIC GROWTH
KEITH W. COOLEY,
DIRECTOR



December 3, 2007

Dan Kearney, Supervisor
Operations & Tariff Section
Telecommunications Division
Michigan Public Service Commission
P.O. Box 30221
Lansing, Michigan 48909

Dear Mr. Kearney:

I recently received your letter requesting information regarding the telecommunication needs for persons with DeafBlindness. This is a very difficult question to answer, as there are so many variables among the individuals in the DeafBlind (DB) community.

The current definition of DeafBlindness, according to PA 23 and PA 24, is "DeafBlind person means a person who has a combination of hearing loss and vision loss, such that the combination necessitates specialized interpretation of spoken and written information in a manner appropriate to each individual's dual-sensory loss." As you can see from this definition, the term DeafBlind (DB) applies to a great many individuals who may or may not identify themselves as DeafBlind. The challenge in providing communication for these individuals is the large variety of needs, according to the level of hearing and vision that each person retains, plus the challenge of progressive conditions.

Telecommunications equipment currently utilized by the DeafBlind community includes the following:

- Large print TTY (i.e. Ultratech Pro-80 LVD).
- Standard TTY with external Large Visual Display.
- Telebraille.
- Video-relay (VRS/VRI) with large screen TV/monitor.

- Computer with large screen or refreshable Braille output and internet relay system.
- Telephones with volume assist can be used by some DB individuals. There is a huge variety of telephones and adaptive equipment for them on the market.
- The “DeafBlind Communicator” is new telecommunication equipment under development by the HumanWare Company, which will enable a DeafBlind consumer to contact others by phone as well as communicate in person via Braille and QWERTY keyboard technology. It is estimated that it will be available early in 2008. Cost has not yet been determined.

Problems exist with all of the equipment listed above, but primary concern is the higher cost for all.

- Large print TTY's or standard TTY/TDD equipment with external Large Visual Display are typically \$150 or more in cost over a standard TTY.
- A standard TTY with external LVD will not print out the information, so information that needs to be recorded by the DeafBlind individual must be repeated very slowly or several times, or both, for the person to be able to write down addresses, phone numbers, appointment dates and times, etc. Many people in public offices do not understand this need, become very frustrated with the time involved and hang up on the individual before all of the information is recorded.
- The Telebraille has not been produced since the early 1990's and is very difficult to obtain and keep in good repair. If located, the cost is also quite high.
- Video Relay (VRS or VRI) has become increasingly popular with the Deaf community instead of using TTY/TDD. However, many DB individuals either cannot see well enough to access the signing interpreter clearly, or need to have a very large high-definition TV/monitor to view the signed information. Even though the relay companies (i.e. Sorensen, etc) often provide their equipment free of charge to the consumer, the cost of a large TV/monitor is out of reach for many individuals. These services also require high-speed internet

connections, which are also often cost prohibitive for DeafBlind individuals.

Other considerations when discussing telecommunications for DeafBlind individuals include language used (English, American Sign Language, etc.) and proficiency of reading and writing for TTY/TDD usage. Many DeafBlind individuals, even those with college educations, do not read at the same levels as their hearing/sighted peers. Low vision or total blindness may add to this difficulty due to the struggle to decipher the actual letters, form them into words, then put them all together to get the meaning.

Please do not hesitate to contact me, either by phone or e-mail, if you have questions or need additional information.

Sincerely,

A handwritten signature in black ink, appearing to read "Dee Robertson". The signature is fluid and cursive, with the first name "Dee" and last name "Robertson" clearly distinguishable.

Dee Robertson, MA, CRC, QA II

Deafblind Specialist

Phone: 517-373-9416 (V) or 1-800-292-4200 (Voice -switchboard)

517-373-4025 (TTY) or 1-888-864-1212 (TTY)

E-Mail: robertsond2@michigan.gov

Fax: 517-335-5140

Cc: Pat Cannon, Director, Michigan Commission for the Blind
Leamon Jones, Director of Client Services, MCB



Dear Mr Daniel Kearney

On behalf of the members of the Michigan Deaf Association, I will list down some of the barriers that face deaf people when trying to access telecommunication services. I have contacted a few members via videophone which is our "telephone" equipment.

- Unable to afford high speed internet and the videophone equipment for home use. The cost of the monthly broadband services is more than most deaf individuals can afford.
- Unable to acquire information from banks, credit card service providers, medical providers and services because they will not accept the information provided through MRC relay calls.
- In public areas such as shopping malls, sporting arenas, school buildings, libraries TTY telephone devices are often not available. Either the deaf person has to ask a hearing person to call for them or have to search for a TTY phone. This is often the case in a big shopping mall, hospital or airports. There may be no accessible phones, or only one is available to service the entire facility while there are many telephone centers readily available throughout the facility for people who do not have hearing loss.
- In some public facilities, even governmental buildings there are no telecommunication devices available for deaf individuals that are readily available to hearing patrons.
- When dialing 911, often times the dispatch operator will hang up when they hear the TTY noise. It is nerve wracking to not know if your 911 call went through and if the right emergency personnel are being sent or even coming to your assistance. It costs more money for the county to send all the public responders (fire, paramedic, ambulance or police) because the 911

dispatcher was unable to get all the information. Deaf people will dial 911 and leave telephone off the hook. But there are no guarantees that the 911 call ever connected to the dispatcher.

- The need for telecommunication access through pager or text messages that is available for the deaf. The cost of the equipment and service plan can be expensive. Some have to choose to eat or pay the text message/pager (Sidekick, Blackberry, Ojo, etc...).
- Does not seem fair that a deaf person has to pay for a telecommunication system he/she cannot use without a TTY. The normal hearing person just has to buy a cheap phone or cordless phone to access the service. Purchasing the TTY device is not cheap and can cost the consumer several hundreds of dollars.
- To use a non-text relay system such as Video Relay Service, the deaf consumer is have to deal additional expenses such as web camera, monitor and broadband service of certain speed to receive clear video images.
- If the TTY malfunctions and is sent back to the TTY distributor for repair the deaf person is without access to telecommunication service even though they are paying for the line on a monthly basis.
- When there is a power outage, the TTY does not work if you do not have battery backup. Being able to contact someone if there is an emergency or to be able to contact the telephone service provider the let them know about the problem is not possible.
- When on the road, access to “deaf-friendly” telecommunication devices is almost non-existent. Some of the rest areas have TTY machines, but not all of them.
- Even the emergency phones on the expressway are useless for deaf /hh because it is not accessible for a profoundly deaf individual. This is why the text message pagers is necessary for effective and readily accessible when making calls to family members and hearing people.
- Video Relay Service (VRS) allows the deaf individual (adult and children) to be able to communicate with the hearing community. English text is not the preferred choice or most efficient communication mode for individuals who are not proficient in use of written or printed text which leads to misunderstanding. The use of VRS has been able to generate a sense of

empowerment and independence in using the telecommunication system to do the daily activities of life.

The need for improved telecommunication access for deaf and hard of hearing in Michigan through the Telecommunication Equipment Distribution program in Michigan will help in removing the many impediments in trying to access the telecommunication services.

We are not asking for a “Cadillac” telecommunication access but asking that we are able to have access to a telecommunication system that will be functionally equivalent of access that is available to the general population without hearing loss.

Our organization is in full support of any attempt that will improve telecommunication access for our community.

Sincerely yours,

Diana McKittrick, President

Michigan Deaf Association
Fay Hall 1505 West Court Suite 234
Flint, Michigan 48503



Hearing Loss Association of Michigan
PO Box 4808
Troy, MI 48099
www.hearingloss-mi.org
info@hearingloss-mi.org

A non-profit 501(c)(3) tax exempt organization.

December 13, 2007

Mr. Daniel Kearney
Telecommunications Division
Michigan Public Service Commission
PO Box 30221
Lansing, MI 48909

Dear Mr. Kearney:

I am writing to you today on behalf of the members of Hearing Loss Association of Michigan. With an estimated 1.4 million consumers in Michigan, most of which rely on remaining hearing to communicate with their non-hard of hearing peers, an equipment distribution program (EDP) is badly needed. An EDP would enable hard of hearing individuals have equal access to telecommunications in our state. Below are some comments our members wanted to share with the commission on this topic.

- An EDP would be a good way to provide a means of “troubleshooting” when people have problems setting up or using equipment. An example is CapTel where customers have to contact an out-of-state customer service center. With an EDP providing customer service, consumers could work directly with a local source that is knowledgeable about a variety of devices.
- Telephone service providers are not required to have amplified telephones for their hard of hearing customers but are required to have TTY’s for their deaf customers. This is not equal access.
- Telecommunication equipment needs is widely varied from person to person because hearing loss is rarely the same for any two individuals. Because of this, we need to have a variety of models to choose from. An EDP which allows flexibility for equipment choices would help a more people achieve equal access.
- Many senior citizens on fixed income are hard of hearing. They would benefit greatly by having an EDP since assistive equipment is often higher priced than what is available to the average non-hard of hearing consumer.
- CapTel has provided many hard of hearing persons who are not familiar with the relay etiquette to have better access using a telephone. However, to get the most benefit from the CapTel service, a customer must pay for two phone lines which is not equal access since hearing people do not have to pay for two lines to receive calls directly from the caller.

Hearing Loss Association of Michigan commends the Public Service Commission for spearheading this effort and taking up the challenge to further help Michigan’s one million consumers who have hearing loss achieve equal access to telecommunication services.

Sincerely,
Janet Haines
Janet Haines, President

jgh



Michigan Coalition for Deaf and Hard of Hearing People
2929 Covington Court
Suite 200
Lansing, MI 48912

Phone: V/TTY 517-487-0066
Fax: 517-487-2586

December 12, 2007

Dan Kearney, Supervisor
Operations & Tariff Section
Telecommunications Division
Michigan Public Service Commission
PO Box 30221
Lansing, MI 48909

We are a Coalition of 25 Agencies, office and business throughout the State of Michigan that serves, advocate or educate about the special needs of Deaf and/or hard of hearing populations via any numbers of avenues.

We are seeking to provide input on the limited access that Deaf and hard of hearing people have to telecommunications. While we are proud to have the distinct achievement of assisting in the creation of Michigan Relay Center in the past, so much more needs to be done.

Deaf and hard of hearing people continue to face hurdles in having full access to telecommunications. While the cost of relay is free, getting equipment to use telephones directly or even to access relay is still difficult, especially for those with limited incomes. Even with incomes over the poverty level, the burdens of comparable costs of getting equipment are worrisome and still out of reach for many. The average person can pick up a corded phone at any discount department or home improvement store for a few dollars. Install a needed amplifier on that phone, and the costs can be ten times that it would be otherwise. The cost of the captioned telephones is currently \$100, plus shipping but at any time, that special introductory cost could escalate to \$500.00. The cost of amplified cordless phones is generally three to five times the cost of a comparable non-amplified phone. While TTY's are slowly being phased out in favor of the Videophone for Deaf consumers, it's costs still remain high, in nearly all cases over \$200 and up to \$600.00, whereas the videophone phone equipment is free, with the consumer needing only to pay for the monthly service. However, TTY's still need to be affordable and accessible in emergencies, as new technology is not always available. This is especially true when the electricity is out, but the phone lines often still work. The Coalition strongly urges you to consider any way to assist these consumers in getting full access to telecommunications.

Please feel free to call if you have any questions.

Sincerely,

Nan Asher, Chairperson

AT&T, Michigan Relay Center
Communication Access Center Deaf/hard of hearing
Connections for Deaf Citizens
Constance Brown Hearing Centers
Deaf-Blind Central
DeafCAN
Deaf and Hard of Hearing Services
Deaf and Hearing Impaired Services
Deaf Options
Division on Deaf and Hard of Hearing
Early Hearing Detection and Intervention
Hearing Assistive Technologies, Inc
Hearing Loss Association of Michigan
Lamphear / LISN
L'nL Interpreting Professionals
Michigan Association for Broadcasters
Michigan Association for Deaf and Hard of Hearing
Michigan Chapter of AG Bell
Michigan Registry of Interpreters for the Deaf
Michigan Supervisors of Public Programs for the HI
Muskegon Hearing and Speech Center
New Horizons Rehabilitation Services
ScreenLine
Sign Language Services of Michigan
William Beaumont Hospitals

EXECUTIVE ORDER No. 2009 - 50

**ABOLISHING THE MICHIGAN TELECOMMUNICATIONS RELAY SERVICE ADVISORY BOARD
DEPARTMENT OF ENERGY, LABOR, AND ECONOMIC GROWTH
EXECUTIVE REORGANIZATION**

WHEREAS, Section 1 of Article V of the Michigan Constitution of 1963 vests the executive power of the State of Michigan in the Governor;

WHEREAS, Section 2 of Article V of the Michigan Constitution of 1963 empowers the Governor to make changes in the organization of the executive branch of state government or in the assignment of functions among its units that the Governor considers necessary for efficient administration;

WHEREAS, there is a continuing need to reorganize functions amongst state departments to ensure efficient administration and effectiveness of government;

WHEREAS, abolishing the Michigan Telecommunications Relay Service Advisory Board will contribute to a smaller and more efficient state government;

NOW, THEREFORE, I, Jennifer M. Granholm, Governor of the State of Michigan, by virtue of the power and authority vested in the Governor by the Michigan Constitution of 1963 and Michigan law, order the following:

I. DEFINITIONS

As used in this Order:

A. "Department of Energy, Labor, and Economic Growth" means the principal department of state government created by Section 225 of the Executive Reorganization Act of 1965, 1965 PA 380, MCL 16.325, and renamed by Executive Order 1996-2, MCL 445.2001, by Executive Order 2003-18, MCL 445.2011, and by Executive Order 2008-20.

B. "Michigan Telecommunications Relay Service Advisory Board" means the board created under Section 315 of the Michigan Telecommunications Act, 1991 PA 179, MCL 484.2315.

C. "State Budget Director" means the individual appointed by the Governor pursuant to Section 321 of The Management and Budget Act, 1984 PA 431, MCL 18.1321.

D. "Type III transfer" means that term as defined under Section 3(c) of the Executive Organization Act of 1965, 1965 PA 380, MCL 16.103.

II. TRANSFER OF AUTHORITY

A. The Michigan Telecommunications Relay Service Advisory Board is transferred by Type III transfer to the Department of Energy, Labor, and Economic Growth.

B. The Michigan Telecommunications Relay Service Advisory Board is abolished.

III. IMPLEMENTATION OF TRANSFERS

A. The Director of the Energy, Labor, and Economic Growth shall provide executive direction and supervision for the implementation of all transfers of functions under this Order and shall make internal organizational changes as necessary to complete the transfers under this Order.

B. The functions transferred under this Order shall be administered by the Director of the Department of Energy, Labor, and Economic Growth in such ways as to promote efficient administration.

C. All records, property, and unexpended balances of appropriations, allocations, and other funds used, held, employed, available, or to be made available to the Advisory Subcommittee on Interior Design for the activities, powers, duties, functions, and responsibilities transferred under this Order are transferred to the Department of Energy, Labor, and Economic Growth.

D. The State Budget Director shall determine and authorize the most efficient manner possible for handling financial transactions and records in the state's financial management system necessary for the implementation of this Order.

IV. MISCELLANEOUS

A. All rules, orders, contracts, and agreements relating to the functions transferred under this Order lawfully adopted prior to the effective date of this Order shall continue to be effective until revised, amended, repealed, or rescinded.

B. This Order shall not abate any suit, action, or other proceeding lawfully commenced by, against, or before any entity affected under this Order. Any suit, action, or other proceeding may be maintained by, against, or before the appropriate successor of any entity affected under this Order.

C. The invalidity of any portion of this Order shall not affect the validity of the remainder of the Order, which may be given effect without any invalid portion. Any portion of this Order found invalid by a court or other entity with proper jurisdiction shall be severable from the remaining portions of this Order.

In fulfillment of the requirements under Section 2 of Article V of the Michigan Constitution of 1963, the provisions of this Order are effective December 28, 2009 at 12:01 a.m.

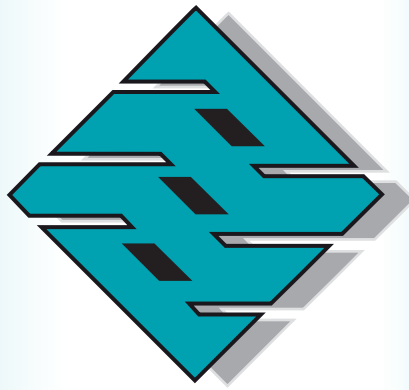
Given under my hand and the Great Seal of the State of Michigan this 29th day of October, in the year of our Lord, two thousand nine.

JENNIFER M. GRANHOLM
GOVERNOR

BY THE GOVERNOR:

Secretary of State

Michigan Relay Center



Advisory Board Annual Report
2009

Michigan Relay Center Advisory Board

This is the nineteenth Annual Report of the Michigan Relay Center (MRC) Advisory Board. The Advisory Board was established by Order of the Michigan Public Service Commission (Commission) on May 21, 1990 in Case No. U-9117. Our on-going purpose is to assist and advise in the operation of the telecommunications relay service (TRS) for the State of Michigan. This service allows deaf, hard-of-hearing, and speech-impaired people to communicate with hearing people through the assistance of a third party or relay representative.

This report provides a synopsis of the MRC activities in 2009. Michigan TRS began on May 29, 1991 allowing deaf, hard-of-hearing, and speech-impaired individuals to call anyone, anywhere, at anytime. Expanded outreach programs presented to numerous groups and individuals have provided information on relay center activities and issues, and have aided in the development TRS has experienced over the years.

Costs of providing Michigan's TRS are included in this report.

On November 22, 2005, Governor Granholm signed Michigan's new Telecommunication Act, PA 235, which amended PA179 of 1991. The revised Section 315 on TRS expands the Advisory Board from three members to nine.

Per the Governor's Executive Order No. 2009-50, the Michigan Relay Center Advisory Board was abolished on December 28, 2009. The Michigan Public Service Commission will continue to perform functions per Section 315 of the Michigan Telecommunications Act in the area of services for the hearing impaired.

The Michigan Relay Center Advisory Board met on four occasions in 2009: March 9th, June 8th, September 14th, and December 7th.

Congratulations to the MRC team on their nineteenth successful year of operation.

The MRC Advisory Board Members are as follows:

David Piasecki, Chairman – AT&T Michigan

Diana McKittrick, Vice Chairman – Michigan Deaf Association (MDA)

Robin Ancona – Commission

Twyla Niedfeldt – DODHH

Brenda Stimson Neubeck – Hearing Loss Association of Michigan

Paul Fuglie – Verizon

Stacy Parker – Comcast

Scott Stevenson – Telecommunications Association of Michigan (TAM)

Dr. William Hampstead – Persons with Speech Impairment

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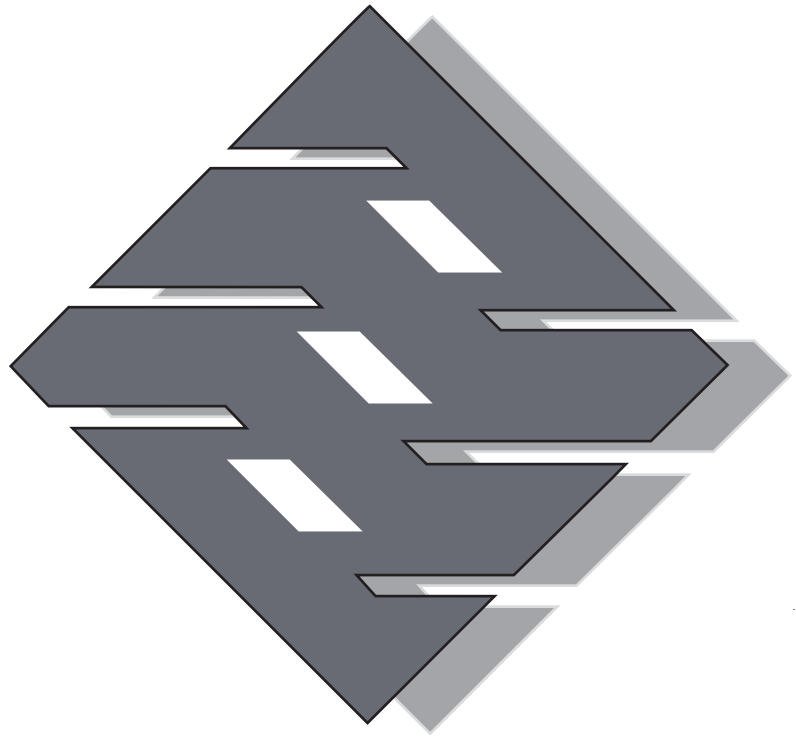
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Michigan Local Exchange Providers

AT&T Michigan offers Telecommunications Relay Service, (TRS) on behalf of basic local exchange service (BLES) providers in the state of Michigan. As mandated by the Michigan Public Service Commission (Commission), all providers of BLES must share in the cost of providing TRS at the Michigan Relay Center.

The number of licensed BLES providers is steadily growing in Michigan. You can access the list of BLES providers at the Commission's web site, which can be found on the internet at:
<http://www.michigan.gov/mpsc/>.

History of the MRC

The Michigan Relay Center (MRC) was established by Order of the Michigan Public Service Commission (Commission) on March 13, 1990. The Commission ordered the local exchange carriers in Michigan to design and implement a Telecommunications Relay Service (TRS) to provide communications for deaf, hard-of-hearing and speech-impaired people in the State of Michigan. This system was to be operational by September 13, 1991. AT&T Michigan, with the concurrence of all other local exchange providers in the state, undertook the development and operation of the relay service.

The MRC design proceeded with the objective of providing the highest quality service possible. Input for the design of the system was gathered via the needs of the Deaf Community, visits to other relay centers, and experience from other vendors.

On May 29, 1991 the MRC began operation, marking the beginning of a new telecommunications era in Michigan. Individuals who had to rely on others to make a phone call for something as important as a call to their doctor, or as simple as ordering a pizza, are now able to be as independent as those who formerly made their calls.

On December 8, 1991 after approval by the MPSC, the first calls to points outside of the State of Michigan were completed through the MRC. In compliance with the Americans with Disabilities Act (ADA), MRC users can now call anywhere in the United States as well as anywhere in the world.

On November 6, 1992 the MPSC issued an Order adopting the MRC Advisory Board's recommendation to implement a program which requires each provider of basic local exchange service to provide a text telephone (TTY) device at cost to certified deaf, hard-of-hearing or speech-impaired persons. This Order specified that TTYs provided at cost meet certain minimum requirements. On November 26, 1996 the MPSC issued another Order adopting the MRC Advisory Board's recommendation for a "new" TTY order which supports advanced technology and enhanced telephone services for TTY users. Additional information can be found within the Order in MPSC Case No. U-10210.

On March 6, 2000 the Federal Communications Commission (FCC) amended the Telecommunication Relay Services (TRS) rules in Docket CC 98-67 to expand the kinds of relay services available to consumers with hearing and speech disabilities and to improve the quality of TRS. In particular, the Order required that Speech to Speech and Interstate Spanish Relay be made available by March 1, 2001. Other improvements and requirements of the Order included: ability to make pay per call calls, minimum typing speed of 60 words-per-minute (wpm) by the relay representative, faster answer performance, extended outreach to all callers for all forms of TRS, automatic transfer of emergency calls to 911, etc. In addition, 711 access to the state's relay center was mandated by the FCC to be made available by October 1, 2001.

History of the MRC - continued

On March 17, 2005, the MRC Advisory Board submitted an application to the MPSC requesting the current TRS provider, AT&T Michigan, be allowed to offer enhanced access to switched telecommunications networks through the use of Captioned Telephone Service (CapTel™) for the deaf and hard-of-hearing. The MPSC issued an order on June 30, 2005, granting the Advisory Board's application to allow the use of CapTel. CapTel is an advanced form of TRS targeted towards the needs of the hard-of-hearing customer that may want to see and hear what the other party is saying. The conversation of the other party is shown on the display window of the CapTel telephone device.

On November 22, 2005, Governor Granholm signed Michigan's new Telecommunication Act, PA 235, which amended PA179 of 1991. The revised Section 315 expands the Advisory Members from a three-member board to nine members. The representatives are as follows: One member shall be the chair of the commission or his or her designated representative. One member shall be the director of the division on deaf and hard of hearing within the department or his or her designated representative. One member shall be a deaf consumer appointed by the director of the department upon the recommendation of the Michigan deaf association. One member shall be a hard of hearing consumer appointed by the department upon the recommendation of Michigan self-help for hard of hearing¹. One member shall be a speech-impaired consumer appointed by the director of the department. Four members shall be appointed by the director of the department to represent telecommunication providers.

Further, the revised Section 315 requires that by no later than January 1, 2008, the board shall conduct a study and report to the governor and the house and senate standing committees with oversight of telecommunication issues on the ability for deaf, hard of hearing, and speech-impaired customers to access telecommunication services. The report shall include, but is not limited to, activities by the commission to ensure reasonable access, impediments to access, identification of activities in other states to improve access, and recommendations for legislation, if any. Pursuant to Section 315(13), the Michigan Telecommunications Relay Center Advisory Board submitted its report to the Governor and Legislature on December 28, 2007. You can view the report at <http://www.michigan.gov/mpsc> within the Documents Library. Select Reports/Publications, and select Michigan Relay Center Advisory Board Report to the Legislature.

On July 1, 2006, AT&T Michigan began providing CapTel service to 100 users in Michigan, and is allowed to add up to 25 new users a month. By year end 2009, Michigan had nearly 1,100 CapTel subscribers. It is expected that CapTel users will continue to grow. As described at <http://captionedtelephone.com>, CapTel is ideal for people with some degree of hearing loss. The CapTel telephone device works like any other telephone device with one important addition: It displays every word the caller says throughout the conversation. CapTel users can listen to the caller, and can also read the written captions in the CapTel's bright display window. For more information, visit the CapTel website.

¹ Self-Help for Hard of Hearing (SHHH) is now Hearing Loss Association of America (HLAA). Michigan's affiliation is HLA-MI.

History of the MRC - continued

On November 6, 2009, AT&T announced to the MRC Advisory Board that the MRC office in Dearborn will be closing sometime in January 2010 due to the tremendous decline in call volumes. Michigan Relay calls will be handled by AT&T's National Relay Team (NRT). The NRT is composed of two offices: Augusta Georgia and New Castle Pennsylvania who have fully staffed and experienced relay operators. The service will transition without disruption and will continue to be available 24 hours, 7 days week, and 365 days a year. Users can still dial 711 to connect to Relay. Michigan customers will have faster call connection with less communication with the relay operator. They will experience a faster and more efficient call set up process. Further, Michigan customers will be able to access AT&T's AIM Relay and Video Relay at <http://relayservices.att.com>. It is expected that the cost assessed to other participating carriers will decline as the result of gains in efficiencies realized due to the transition.

Per the Governor's Executive Order No. 2009-50, the MRC Advisory Board was abolished on December 28, 2009. The Michigan Public Service Commission will continue to perform functions per Section 315 of the Michigan Telecommunications Act in the area of services for the hearing impaired.

How Relay Service Works

To use the relay system, a person who is deaf, hard-of-hearing, or speech-impaired uses a device called a TTY. The TTY user calls the MRC by either dialing 711² or 800-649-3777 to reach a relay representative. The representative calls the person with whom the TTY caller wishes to talk with. The caller types a message into the TTY, which the relay representative receives and "voices" to the person called. The representative then types the called party's response back to the caller.

Hearing persons or non-TTY users may also use the service to reach a TTY user by dialing 711 or the statewide 800 number. The caller tells the representative the area code, telephone number, and the name of the person they are calling. As the conversation is being relayed, the non-TTY user talks as though speaking directly to the TTY user. Relay representatives do not edit calls made through the relay. Center employees are forbidden to disclose any information from the calls, and no records of conversations are kept.

In addition to direct-dial local calls, users can make international calls, interstate and intrastate long distance calls, collect calls, calling card calls, calls billed to a third number, person-to-person calls, and calls from a hotel room. Some telephone service providers may provide toll discounts to those individuals who use a TTY.

Effective November 1995, local calls from a coin telephone made through a TRS center are provided at no cost to the person making the call. The ability to use coins at pay telephones for TRS users is still not technologically feasible. Toll and long distance calls made through the MRC from a pay phone can be charged to a calling card or can be collect and will cost no more than the same call using coins. Brochures with instructions are routinely distributed through MRC outreach efforts and are available upon request.

In 1997, the MRC implemented Customer Profile Service (CPS). CPS is a software upgrade that enables relay representatives to create personalized customer profiles that speed-up call processing. With the CPS enhancement, MRC customers can create their own speed dial list of frequently called numbers, establish a billing preference, pre-select a telephone carrier of their choice, as well as a host of other time saving services. If you are a customer of the MRC and would like to have your own CPS, please contact the MRC supervisor desk at 800-432-0762 for more information.

Beginning December 18, 2000, 900 pay-per-use calling became available. In addition, the MRC implemented Speech to Speech English/Spanish Relay and Spanish to Spanish Relay on February 6, 2001. Customers can dial 711 and be connected to these enhanced TRS services. Or, to obtain the toll free numbers for these additional relay services and to find out more about the MRC, you can access the MRC web site at www.michiganrelay.com. An array of information is provided on use of the MRC, TTY equipment, etc. Also, for information, requests, or to provide comment regarding the MRC, you may reach them through their email address at mrc@michiganrelay.com.

²Beginning October 1, 2001, 7-1-1 Access to TRS centers nationwide was made available per a federal mandate.

Outreach and Other Efforts of the MRC – 2009

The goal of the Michigan Relay Center (MRC) is not only to provide ongoing educational and informative Outreach Programs on Telecommunications Relay Services (TRS) to users of the MRC, but also to inform all consumers of its purpose and usefulness in everyday life. The MRC, through their outreach efforts, took great strides in targeting a variety of people who are not only Deaf, but who may be Hard-of-Hearing or Speech-Impaired. Many vehicles of communication are utilized in outreach efforts. Through the distribution of brochures, business cards, VCO/HCO/Speech-to-Speech instructions, etc., the MRC made contact with approximately 1,500 people in 2009. Also, community participation and contacts were made by AT&T Michigan Outreach Manager, Kenya Lowe, at the following locations and events:

Michigan Coalition for the Deaf and Hard of Hearing; Deaf Community Advocacy Network Board meetings; Deaf Community Advocacy Network Newsletter; Michigan Deaf Association Board meetings; Oakland Community College at Orchard Ridge Campus; Michigan State University; Chippewa Valley Middle School in Port Huron, Michigan; Bloomfield Hills Public Schools; Division on Deaf and Hard of Hearing Rules Promulgation Committee meetings; Detroit Day School for the Deaf; CW 50's Street Beat; Legal Aid and Defender Fair Housing Conference; Michigan Deaf Association Conference in Bay City, Michigan; Michigan Deaf Association Newsletter; Hearing Loss Association of Michigan; www.michdhh.org; and www.mda.org

Below are some commendations the MRC received in 2009 from customers regarding their service:

The Rep did a Great Job!

The Rep was very nice and took care of my calls!

All the Reps are great!

This Rep made my Day!

This Rep types very well and smoothly!

I look forward to this Rep handling my calls!

This Rep is patient, kind and professional!

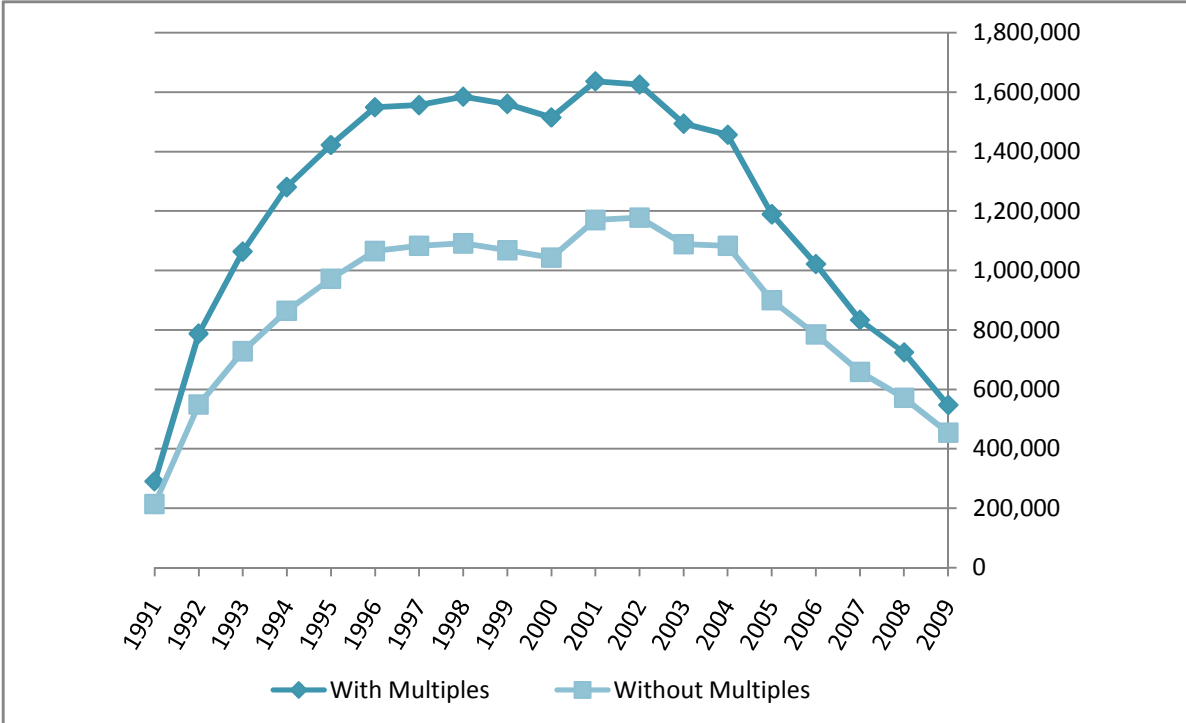
This Rep was very patient with me and helped me.

This Rep's voice was clear, calm and nice. He did a good job!

This Rep has great voicing skills and kept the customer informed of background noises.

This Rep did an outstanding job during a long business call.

MRC 2009 Incoming Call Volumes With and Without Multiples



The MRC began operation in May, 1991 and ended the year with incoming calls reaching over 200,000. Although traditional TRS continues to experience a decline in volumes, the MRC concluded another successful year of operation in 2009 and handled nearly 550,000 incoming calls with multiples. To date, over 23 million incoming call requests have been handled by the MRC. Traditional Relay is trending down as other TRS services, such as, IP Relay, CapTel and VRS are being used.

Note: Multiples are a single incoming call requiring more than one outgoing call.

FINANCIAL STATISTICS

2009 Michigan Relay Center Provider Expenses:	Expense	2009 Michigan Relay Center Expense:	Expense
Ace Telephone Company of Michigan, Inc.	9,567	Hiawatha Telephone Company	9,944
ACN Communication Services, Inc.	8,042	Island Telephone Company	\$2,397
Allendale Telephone Company	11,109	Kaleva Telephone Company	4,102
AT&T Communications of Michigan	117,099	Lennon Telephone Company	2,266
AT&T Michigan (formerly SBC Michigan)	4,714,580	Lightyear Network Solutions, LLC	358
Baraga Telephone Company	8,833	MCImetro (MCI)	156,707
Barry County Telephone Company	13,681	McLeodUSA (Phone MI)	74,460
Blanchard Telephone Association	2,501	Midway Telephone Company	1,459
Bloomingdale Telephone Company	3,878	Midwestern Telecommunications, Inc.	529
Buckeye Telesystem	9,576	First Communications	7,901
Carr Telephone Company	3,207	Nexus Communications, Inc.	10,958
Century Telephone Midwest, Inc.	46,981	Ogden Telephone Company	699
Century Telephone of MI, Inc.	97,972	Ontonagon County Telephone Company	7,173
Century Telephone of Northern MI, Inc.	5,281	Peninsula Telephone Company	2,543
Chapin Telephone Company	1,234	Pigeon Telephone Company	6,081
Chatham Telephone Company	5,121	Sage Telecom, Inc.	114,556
Chippewa County Telephone Company	2,646	Sand Creek Telephone Company	2,069
CIMCO Communications, Inc.	853	Shiawassee Telephone Company	9,560
Cinergy Communications Company	20	Springport Telephone Company	3,094
Climax Telephone Company	2,590	Sprint Communications Company	174
CMC Telecom	20,306	Talk America	221,328
Comcast Phone of Michigan, LLC	250,152	TCG Detroit	29,800
Communication Corporation of Michigan	7,556	TDS Metrocom LLC	172,603
Contel of the South, Inc.	73,937	Trinsic Communications, Inc.	12,126
Deerfield Farmers' Telephone Company	4,844	Upper Peninsula Telephone Company	11,573
Drenthe Telephone Company	1,416	VarTec Telecom, Inc.	919
Easton Telecom, Inc.	1,669	Verizon North	955,584
Ernest Communications	1,595	Waldron Telephone Company	974
Excel Telecommunications, Inc.	1,500	Westphalia Telephone Company	1,960
Focal Communications Corporation	35,697	Winn Telephone Company	1,368
Frontier Communications of MI, Inc.	39,976	Wolverine Telephone Company	15,821
Global Connection Inc. of America	2,790	XO Communications Service, Inc.	95,698
Granite Telecommunications, Inc.	31,072		
		Total:	\$7,474,063

Michigan Relay Center Outreach

2009

Outreach/Marketing Activities:

Provided Leadership training, Deaf culture training and relay training at the following locations:

Home visit in Shelby Township, Michigan.- March

Chippewa Valley Middle School- April

"Everybody Counts"- Anderson Elementary School- Trenton, Michigan- April

Detroit Day School for the Deaf- Graduation- June

Bloomfield Hills Middle School- June

Collaborated with key leaders/members of the Deaf, Hard of Hearing, Deaf/Blind, and Interpreting communities in writing the Rules and Regulations for Michigan's Interpreter Law.

Hosted monthly interviews on CW50 Detroit's "Street Beat". Interviews are focused on individuals and businesses that provide services and support for Deaf and Hard of Hearing residents of Michigan.

Also provide public service announcements to bring awareness on key community issues to the Deaf and Hard of Hearing community using ASL.

Joined Deaf Community Advocacy Network's (Deaf CAN!) planning committee for the upcoming Deaf Awareness Day Celebration (September 2009) in Detroit, Michigan. Accepted position as honorary chairperson.

Collaborated with AT&T Wireless and AAPAA for Chicago's Disability Pride Parade. Reached out to 4000 attendees.

Partnered with AT&T Wireless at Deaf Celebration Day in Southfield, Michigan. Provided AT&T Relay exposure to approximately 1500 attendees.

Volunteered as an honorary chairperson for Deaf Celebration Day through Deaf Community Advocacy Network. Worked with other community volunteers in planning and implementing the event.

Provided Deaf Culture and Relay training at the following locations and impacted approximately 300 people:

Oakland Public Schools District

Wayne County Community College

Michigan State University

Represented the Deaf and Hard of Hearing community at the Michigan Fair Housing Conference. Served on the panel as an expert on communication access. Educated participants on Deaf Culture and Relay.

Supported the Michigan Deaf Association Conference in Bay City, Michigan, as a Gold Sponsor for their banquet. AT&T Relay was exposed to approximately 500 attendees.

2010

Outreach/Marketing Activities:

Neighborhood Law Clinic- East Detroit

Neighborhood Law Clinic- West Detroit

Michigan State University- ASL Class

Deaf Nation Expo- partnered with AT&T Mobility where 2 customers purchased Iphone 3GS.

Assisted new channel managers, April Lindbergh and Michelle Munoz in researching and establishing Outreach and marketing opportunities for California.

Established contact with leaders of the Deaf Blind Community in California. Currently working with Anindya Bhattacharyya, better known as, "Bapin" on a Deaf Blind Conference in 2011, which will raise funds and awareness for the communication and technology advancement for Deaf and Blind consumers.

Currently working with Jill Gaus, from SHIM Deaf Blind in Michigan on outreach opportunities for AT&T Relay.

Established contact with Michigan Speech Language Hearing Association. Currently scheduled to present to and attend their board meeting in September 2010.

2011

Outreach/Marketing Activities:

Oakland Community College- Waterford, MI

Southfield Public Library- Southfield, MI

Farmington Hills Public Library- Farmington Hills, MI

Northwest Activities Center- Detroit, MI

Anderson Elementary School- Trenton, MI

Deaf and Hard of Hearing Mental Health Workshop-Livonia, MI

Northwest Activities Center- Detroit

Deaf CAN!- Sylvan Lake

Center for Speech and Language- Troy

ADA Conference- Lansing

Henry Ford Hospital Speech Pathology Department- Royal Oak

Kaufman Children's Center- West Bloomfield

Deaf Arts Festival- Brooklyn

Deaf Celebration Day- Southfield

Detroit Public Schools

Detroit Day School for the Deaf

Oakland Community College- Waterford

Division on Deaf and Hard of Hearing- Lansing

Fort Gratiot Middle School- Fort Gratiot

Michigan Disability Rights Coalition- Lansing

United Way of Detroit/Southeast Michigan- Detroit

Michigan Audiology Conference- East Lansing

Disability Awareness Fair- Mt. Pleasant

2012 – Marketing Outreach Activities

JARC Wellness Fair – Farmington Hills

Deaf CAN Office Hour (4 days) Sylvan Lake

Black History Celebration – Sylvan Lake

Early Hearing Detection Intervention Conference – Lansing

Telcom Supervisors (US Army) Warren

Building Michigan Communities Conference – Lansing

HLAA Walk for Hearing – Milford

Detroit Day School for the Deaf – Graduation – Detroit

Deaf & Hard of Hearing Annual Services Gala (planned – 9/22) – Grand Rapids

RELAY SERVICE

Dial 711 is a Telecommunications Relay Service for customers with hearing and speech disabilities. AT&T offers products and services for customers with visual, hearing, speech or physical disabilities. For more information, please go to att.com or refer to the customer guide section in your AT&T telephone directory.

Telephone Provider Information

3



	AT&T	ACD Telecom	MCI	Sage Telecom	TDS	Windstream
Home Services (Residential)						
Sales	800-288-2020*	1-877-422-3638	800-444-3333	888-972-7243	800-856-9918	
Customer Service	800-288-2020*	1-877-422-3638	800-444-3333	888-449-4940	877-208-5111	
Bill Inquiries	800-288-2020*	1-877-422-3638	800-444-3333	888-449-4940	877-208-5111	
Repair	800-246-8464*	1-877-422-3638	800-444-3333	888-449-4940	888-790-6415	
Home Office Telecom Center	800-288-2020*	1-877-422-3638	800-444-3333	888-449-4940	877-208-5111	
Special Needs Equipment	877-902-6350*	1-877-422-3638	800-444-3333	888-449-4940		
Service Assistance Programs	800-621-8650*	1-877-422-3638	800-444-3333	888-449-4940	877-208-5111	
Automated Account Balances	800-288-2020*	1-877-422-3638	800-444-3333	866-729-7243		
Automated Ordering Service	800-288-2020*	1-877-422-3638	800-444-3333			
Local Calling Area Information	800-288-2020* localcalling.sbc.com	1-877-422-3638 www.acd.net	800-444-3333 www.mci.com	888-449-4940	877-208-5111 www.tdsmetro.com	
Small Business Services						
Number of Lines	1-19		1-19	1-4		
Sales	800-660-3000*	1-877-422-3638	800-444-2222	888-226-2121	866-983-7249	855-410-9634
Customer Service	800-660-3000*	1-877-422-3638	800-444-2222	877-619-3969	877-208-5111	866-445-5882
Repair	800-246-8464*	1-877-422-3638	800-444-2222	877-619-3969	888-790-6415	866-445-5882
Bill Inquiries	800-660-3000*	1-877-422-3638	800-444-2222	877-619-3969	877-208-5111	866-445-5882
Local Calling Area Information	800-660-3000* localcalling.sbc.com	1-877-422-3638 www.acd.net	800-444-2222 www.mci.com	877-619-3969	877-208-5111 www.tdsbusiness.com	866-445-5882
Large Business Services						
Number of Lines	20 or more					
Sales	800-480-8088*	1-877-422-3638	800-937-6000		866-983-7249	855-410-9634
Customer Service	800-480-8088*	1-877-422-3638	800-937-6000		877-208-5111	866-445-5882
Repair	800-480-8088*	1-877-422-3638	800-937-6000		888-790-6415	866-445-5882
Bill Inquiries	800-480-8088*	1-877-422-3638	800-937-6000		877-208-5111	866-445-5882
Local Calling Area Information	800-480-8088* localcalling.sbc.com	1-877-422-3638 www.acd.net	800-937-6000 www.mci.com		877-208-5111 www.tdsbusiness.com	866-445-5882
Other Services & Numbers						
Pay Phone Sales, Service & Repair						
Answering Calls	800-769-4099*	1-877-422-3638				
Corporate Headquarters		1-877-422-3638		214-495-4700	608-663-3330	
For Numbers Not Shown Above		1-877-422-3638		888-449-4940	877-METROCOM	866-445-5882

AT&T Telephone Directories (White & Yellow Pages)

To order local AT&T telephone directories call **1-866-329-7118*** or visit **www.mydirectories.jp.com**

To purchase directories of other cities across the U.S. call **1-866-329-7118*** (Note: Charges will apply for non-local directories.)

To request the delivery of fewer or no directories (all publishers, including AT&T) visit **www.yellowpagesoptout.com** or call (AT&T directories only) **1-866-329-7118***

To advertise in the AT&T Real Yellow Pages or online at YP.com call **1-800-GET-REAL (1-800-438-7325)*** or the Local Sales Office at **1-877-635-9239***

Additional Customer Services

Michigan Relay Center (TTY/Voice) **711 or 800-649-3777***

Directory Assistance - Local & National **1 + 955-1212***

Buried Cable "Miss Dig" **8-1-1***

For further information regarding telecommunication and telephone services, look in the AT&T Real Yellow Pages under "Telephone Companies"

* To better serve our customers, calls to these telephone numbers may be monitored by supervisory personnel

Local & Long Distance Dialing

- Local calls within your area code
Dial the 7-digit number
- Local calls outside your area code
Dial 1 + area code + 7-digit number
- Long distance direct dial station paid calls
Dial 1 + area code + 7-digit number
- Long distance alternately billed calls
Dial 0 + area code + 7-digit number
- Toll free 800, 866, 877 or 888 area code calls
Dial 1 + 800, 866, 877 or 888 + 7-digit number

If you are unsure whether a call is local or long distance, contact your local telephone service provider at the appropriate number for local calling area information on the Telephone Provider Information page.

Michigan Relay Center

The Michigan Relay Center (MRC) makes it possible for deaf, hard-of-hearing and/or speech-impaired TTY phone customers to call persons or businesses without TTYs anywhere 24 hours a day, 7 days a week. A hearing person may also use the MRC to call a TTY user. All calls are confidential and billed at regular telephone rates. To use the service:

TTY/Voice Dial 711 or 800-649-3777

Instructions for making a Relay Call from a Payphone

For Local Calls:

- Dial 7-1-1
- Provide the Communications Assistant (CA) with the area code and phone number you wish to dial.
 - Local calls are free

For Toll or Long Distance Calls using a calling card or prepaid calling card:

- Dial 7-1-1
- Provide the CA with the toll-free number listed on the calling card, the PIN number, and the area code and phone number you wish to dial.
 - Calling card calls cost no more than if you paid with coins.
 - Prepaid calling card rates vary. Check with your card provider about their rates.

For Toll or Long Distance Calls using the "collect" calling method:

- Dial 7-1-1
- Provide the CA with your name, the area code and phone number you wish to dial.

Rates To Other Calling Areas

Long distance service to other calling areas, states and countries is provided by long distance companies. Rates are determined by the company that provides the service.

Operator-Assisted Calls

To make an operator-assisted call, dial 0 + area code (if necessary) + 7-digit number. When the operator answers, state the type of call you are making. Service charges may apply when the operator helps place a local or long distance call. If you have trouble on your call, hang up. Then pick up the phone again and dial "0" for an operator. Explain the situation so the operator can help you.

Rights & Responsibilities

Your local telephone services are regulated services, subject to the terms and conditions of its tariffs on file with the Michigan Public Service Commission.

Fair Resolution of Complaints

You have the right to have your complaints and grievances about telephone services, billing or other policies and procedures settled fairly.

If you have a question about a policy or procedure, call your local telephone service provider at the number for bill inquiries listed on the Telephone Provider Information page. Your service representative has the responsibility to answer your questions and resolve your problems.

If you are not satisfied with the company's decision, you may also call the Michigan Public Service Commission at **517-241-6180** or **800-292-9555**. If you prefer, you may write to:

**Michigan Public Service Commission
P.O. Box 30221
Lansing, MI 48909**

AT&T Special Needs Center

The AT&T Special Needs Center helps people with special needs maintain an active life style by offering a wide variety of assistive telephone and communication products that can help people with hearing, speech, vision or mobility problems. The Special Needs Center is also able to assist business, healthcare, and government entities meet their ADA obligations. Equipment is billed at competitive and tariff rates.

For more information call **877-902-6350** (voice) and **800-772-2889** (TTY only). For all other requests call **800-772-3140** (voice) and **800-651-5111** (TTY only).

Directory Errors & Omissions

AT&T cannot guarantee White Pages listings, and is not responsible for damages if your listing is incorrect or omitted. Exceptions are listed in tariffs filed with the Michigan Public Service Commission.

Should an error occur, our liability is limited by our tariffs to the resulting impairment of the service and in no case shall exceed the charge for the service, excluding message charges, for the period covered by the directory. Errors or omissions in advertising are governed by the terms and conditions of the advertising contract.

To appear accurately in the next directory, listing corrections must arrive at AT&T four months before the month shown on this directory cover.

Credit For Loss of Service

If you are unable to make or receive calls due to problems in the outside telephone line, and are without service for more than 24 hours after reporting it, you may be entitled to a credit on your next bill for the local telephone service charge. Call your local telephone service provider at the appropriate telephone number listed on the Telephone Provider Information page.

The Michigan Relay Center



spotlight

If you receive a telephone call and a person says, "the Michigan Relay Center is calling," don't hang up! The Center is a communications system that allows hearing persons and hard-of-hearing or speech-impaired persons to communicate by telephone.

How it Works

- *A person who is hard-of-hearing or speech-impaired uses a keyboard device or Teletypewriter (TTY) to contact a Relay Representative.* Through use of a TTY and the Relay Center, users can make or cancel appointments, order a pizza, and place countless other personal and business calls.
- *The Relay Representative puts the TTY caller in touch with you by giving you the TTY message verbally.* The representative literally "voices" the message verbatim and waits for your response. The Relay Representative then types your response back to the caller.
- *You can "talk" to TTY users by calling the Center.* Hearing persons may also use the service. To communicate with someone who is hard-of-hearing or speech-impaired, call the Michigan Relay Center toll-free at **800.649.3777**, or simply dial **711**. Tell the Relay Representative the name, area code and phone number of the person you would like to reach. You may also have to tell the Relay Representative the name of your long distance company if it is a toll call so it can be properly billed. While you talk as though you were speaking directly to the TTY user, the Relay Representative is relaying your conversation via the TTY system.
- *Relay Representative will provide information on a call's charges upon request.* Charges for calls through the Center, whether local or long distance, are charged the same as if the hearing or speech-impaired person had dialed the other person directly.
- *Calls made through the Center are not edited by Relay Representatives.* Relay Representatives are also forbidden to disclose any information from the calls and no records of conversations are kept.

The Michigan Relay Center is operated by AT&T on behalf of Michigan's local telephone companies.

Remember: Do not hang up if the Michigan Relay Center calls you. To find out more about the Michigan Relay Center, access AT&T's Relay website at michiganrelay.com.

STATE OF MICHIGAN
BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

* * * * *

In the matter of the application of)
ALLENDALE TELEPHONE COMPANY)
 for authority to alter rates for certain basic)
 local exchange services, to discontinue certain)
 services, and to file revised tariff sheets.)

Case No. U-10779

At the April 13, 1995 meeting of the Michigan Public Service Commission in Lansing,
Michigan.

PRESENT: Hon. John G. Strand, Chairman
 Hon. Ronald E. Russell, Commissioner
 Hon. John L. O'Donnell, Commissioner

ORDER

On January 20, 1995, Allendale Telephone Company (Allendale) filed an application pursuant to 1991 PA 179 (Act 179), MCL 484.2101 et seq., with supporting testimony and exhibits. In its application, Allendale requested authority to alter its rates for certain basic local exchange services, discontinue certain services, and file revised tariff sheets.

Pursuant to due notice, a public hearing was held on March 2, 1995 before Administrative Law Judge James N. Rigas. Allendale and the Commission Staff (Staff) participated in the proceedings. At that time, the testimony and exhibits were admitted into evidence. In addition, the Staff submitted written comments.

In its application, Allendale proposed to alter its basic exchange services by (1) offering exclusive one-party service; (2) discontinuing two-party and four-party business and residential

basic local exchange services; (3) combining basic local exchange service rates and touchcall rates for new installations resulting in a rate of \$5.26 per residential line and \$7.76 per business line; (4) introducing a new class of basic local exchange service without touchcall service for existing residence one-party lines who do not purchase touchcall service, at a rate of \$3.76 per line; (5) including in its basic local exchange service rates an amount of \$0.10 to recover the intrastate cost of providing access to dual-party relay services; (6) introducing a discount to residential one-party subscribers to reflect the cost savings of multiple lines to one point of demarcation; (7) introducing certain residential and business time discounts; and (8) adjusting its service order charges.

Allendale states that its proposed charges, which are related to the intrastate cost of providing access to dual-party relay services, are authorized by Section 315 of Act 179, and will result in an annual increase, on average, of \$1.20 per basic local exchange service line.

Allendale further states that its proposal to adjust the tariff structure of its service charges results in the following charges:

Service Ordering Charge

- | | |
|---|---------|
| a. Initial service order, per order | |
| Applies to any new customer's service order | \$15.00 |
| | |
| b. Subsequent service order, per order | |
| Applies to any present customer's order | |
| to relocate, install, change or add to | |
| the service; additional central office | |
| lines, etc. | \$ 9.00 |

Line Connection Charge

Per line	\$12.00
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Restoral of Service Charge

Subsequent service order and line connection charges apply.

Allendale further represents that service charges will not apply for a customer converting from basic local exchange service without touchcall to the same class of service with touchcall.

In its comments, the Staff notes that these proposed alterations would provide Allendale with an additional \$18,896 of revenues annually. The Staff projects that Allendale will have a return on equity of 18.74% on a total company basis if the application is granted. From a financial perspective, the Staff submits that Allendale has enjoyed a sustained period of robust growth and profitability.

The Staff points out that Allendale's proposal to expand the number of categories in its existing service charge rate structure as well as the charges for those services will result in significant rate increases. However, the Staff explains that these rate increases are due to the fact that Allendale has not raised its rates since 1954, and the company wants to accomplish the restructuring in a single step rather than over time.

In conclusion, the Staff does not oppose the application, but points out that Allendale's justification for an increase in rates is to recover the cost of the dual party relay service and the modernization of service charges. Nevertheless, the Staff states that Act 179 only requires the Commission to determine whether an applicant's proposed rates are "just and reasonable." The Staff points out that, even after the proposed increases, Allendale's rates remain some of the lowest rates in the state.

After reviewing Allendale's application and the record, the Commission finds that the company's proposals to combine basic local exchange service rates and touchcall rates for new customers and to introduce a new class of basic local exchange service without touchcall

service for existing residential customers who do not purchase touchcall service are neither just and reasonable nor in the public interest. These proposals not only potentially discriminate against new customers, they also limit customers' freedom in choosing only those services that fit their needs. Although the Commission has previously found that the provision of high-quality basic local exchange service includes the availability of touchcall service and that regulation is necessary to protect the public interest, the Commission did not intend that customers be forced to subscribe to touchcall service at its current rate as a condition for obtaining basic local exchange service. Therefore, the Commission concludes that this portion of Allendale's application should be denied.

The Commission further finds that Allendale's remaining proposed alterations, as set forth in its application and exhibits, are just and reasonable and should be approved.

The Commission FINDS that:

a. Jurisdiction is pursuant to 1991 PA 179, MCL 484.2101 et seq.; 1969 PA 306, as amended, MCL 24.201 et seq.; and the Commission's Rules of Practice and Procedure, R 460.17101 et seq.

b. Allendale's proposals to combine basic local exchange service rates and touchcall rates for new customers and introduce a new class of basic local exchange service without touchcall service for existing residential customers who do not purchase touchcall service should be denied.

c. Allendale's remaining proposed alterations to its basic local exchange services are just and reasonable, and should be granted.

THEREFORE, IT IS ORDERED that:

A. Allendale Telephone Company is authorized to offer exclusive one-party service and to discontinue two-party and four-party business and residential services as set forth in its application and exhibits.

B. Allendale Telephone Company is authorized to recover the intrastate cost of providing access to dual-party relay services as set forth in its application and exhibits.

C. Allendale Telephone Company is authorized to introduce a discount to residential one-party subscribers and to introduce certain residential and business time discounts as set forth in its application and exhibits.

D. Allendale Telephone Company is authorized to increase rates and adjust the tariff structure for service ordering charges, line connection charges, and restoral of service charges, all as set forth in its application and exhibits.

E. Allendale Telephone Company shall not implement its proposals regarding touchcall service.

F. Allendale Telephone Company shall, within 30 days of issuance of this order, prepare and submit to the Commission for approval and filing its tariff sheets in substantially the same form as Exhibit A-3 to the application.

G. Allendale Telephone Company shall implement the alterations approved in this order effective with the first billing cycle following the issuance of this order.

The Commission reserves jurisdiction and may issue further orders as necessary.

Any party desiring to appeal this order must do so in the appropriate court within 30 days after issuance and notice of this order, pursuant to MCL 462.26.

MICHIGAN PUBLIC SERVICE COMMISSION

/s/ John G. Strand

Chairman

(S E A L)

/s/ Ronald E. Russell

Commissioner

/s/ John L. O'Donnell

Commissioner

By its action of April 13, 1995..

/s/ Dorothy Wideman

Its Executive Secretary

STATE OF MICHIGAN
BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

* * * * *

In the matter of the application of)
BARAGA TELEPHONE COMPANY for)
authority to alter rates for various basic)
local exchange services, to collect costs)
associated with providing dual party relay)
services, and to file revised tariff sheets.)
_____)

Case No. U-10900

At the September 7, 1995 meeting of the Michigan Public Service Commission in Lansing,
Michigan.

PRESENT: Hon. John G. Strand, Chairman
Hon. John L. O'Donnell, Commissioner
Hon. John C. Shea, Commissioner

ORDER APPROVING APPLICATION

On July 18, 1995, Baraga Telephone Company (Baraga) filed an application, with supporting testimony and exhibits, pursuant to Section 304 of 1991 PA 179, MCL 484.2101 et seq., (Act 179). In its application, Baraga requested authority to alter its rates for various basic local exchange services, to collect costs associated with providing dual party relay services, and to file revised tariff sheets to reflect these rate alterations.

Pursuant to due notice, a hearing was held on August 21, 1995 before Administrative Law Judge Albert G. Landa. Baraga and the Commission Staff participated in the proceeding. At the prehearing, the parties stipulated to the admission of the testimony and exhibits.

In its application, Baraga proposes to alter its basic local exchange services by amending the basic service monthly rates so as not to exceed 1% less than the increase in the Consumer Price Index (CPI). This proposed increase in basic local exchange service rates is reflected as follows:

<u>Exchange</u>	<u>Present Rate</u>	<u>Adjustment Factor</u>	<u>Proposed Rate</u>	<u>Increase</u>
Alston/ Baraga - business	\$11.41	1.0278	\$11.72	\$0.31
Alston/ Baraga - residential	6.33	1.0278	6.50	0.17
Tapiola - business	12.68	1.0278	13.03	0.35
Tapiola - residential	6.99	1.0278	7.18	0.19
L'Anse - business	13.46	1.0278	13.83	0.37
L'Anse - residential	9.09	1.0278	9.34	0.25

Baraga also proposes, pursuant to Section 315(6) of Act 179, to include in all basic local exchange service rates \$0.13 to recover the intrastate cost of providing access to dual party relay services.

After a review of the record, the Commission finds that Baraga's proposed alterations, as set forth in its application and exhibits, are just and reasonable and in the public interest, and should be approved.

The Commission FINDS that:

a. Jurisdiction is pursuant to 1991 PA 179, MCL 484.2101 et seq.; 1969 PA 306, as amended, MCL 24.201 et seq.; and the Commission's Rules of Practice and Procedure, R 460.17101 et seq.

b. Baraga's proposal to alter its basic local exchange service rates, so as not to exceed 1% less than the increase in the Consumer Price Index, should be approved.

c. Baraga's request to include \$0.13 in its basic local exchange rates to recover costs associated with providing dual party relay services should be approved.

THEREFORE, IT IS ORDERED that:

A. Baraga Telephone Company is authorized to alter its basic local exchange service rates as set forth in its application and exhibits.

B. Baraga Telephone Company is authorized to include \$0.13 in its basic local exchange service rates to recover costs associated with providing dual party relay services.

C. Baraga Telephone Company shall, within 30 days of issuance of this order, submit to the Commission for approval and filing its tariff sheets in substantially the same form as Exhibit A-5 attached to its application.

D. Baraga Telephone Company shall implement the alterations approved in this order effective with the first billing cycle following the issuance of this order.

The Commission reserves jurisdiction and may issue further orders as necessary.

Any party desiring to appeal this order must do so in the appropriate court within 30 days after issuance and notice of this order, pursuant to MCL 462.26.

MICHIGAN PUBLIC SERVICE COMMISSION

/s/ John G. Strand

Chairman

(S E A L)

/s/ John L. O'Donnell

Commissioner

/s/ John C. Shea

Commissioner

By its action of September 7, 1995.

/s/ Dorothy Wideman

Its Executive Secretary

STATE OF MICHIGAN
BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

* * * * *

In the matter of the application of)	
AMERITECH MICHIGAN for authority)	
to recover its costs associated with providing)	Case No. U-11634
dual party relay services.)	
_____)	

At the April 28, 1998 meeting of the Michigan Public Service Commission in Lansing,
Michigan.

PRESENT: Hon. John G. Strand, Chairman
Hon. John C. Shea, Commissioner
Hon. David A. Svanda, Commissioner

OPINION AND ORDER

On February 6, 1998, Ameritech Michigan filed an application for authority to recover its costs associated with the operation of the Michigan Relay Center (MRC), which provides access to the public switched network for persons who are deaf, hard-of-hearing, and speech-impaired. Ameritech Michigan provides the service as required by Section 315 of the Michigan Telecommunications Act (Act), MCL 484.2315; MSA 22.1469(315). In an October 12, 1994 order in Case No. U-10672, the Commission approved a settlement agreement reducing the surcharge for the MRC costs from \$0.175 to \$0.135 per access line per month. Ameritech Michigan now proposes to increase the surcharge by \$0.08 per access line per month. Ameritech Michigan says that the higher costs of operating the system are due to increases in call volumes, additional overtime associated with the higher call volumes, and general wage and benefit increases for employees. Ameritech

Michigan says that \$0.023 of the increase is needed to recover the cumulative deficit of \$1.2 million and the other \$0.057 is needed to recover the current costs on an ongoing basis. The result would be an MRC surcharge of \$0.215 per access line per month. Ameritech Michigan proposes to eliminate \$0.023 of the increase after one year to reflect the expected elimination of the deficit, but also proposes to review annually the need for additional adjustments.

On February 25, 1998, Attorney General Frank J. Kelley (Attorney General) filed a petition for leave to intervene and a request that the Commission commence a contested case proceeding to address Ameritech Michigan's application. In the alternative, he requested that the Commission deny Ameritech Michigan's request.

Administrative Law Judge George Schankler presided over a hearing on March 25, 1998, at which the public had the opportunity to comment on Ameritech Michigan's proposal. No one offered comments at the hearing. Also on that date, the Commission Staff (Staff) filed comments. The Commission has received several dozen comments, most opposed to the increase.

As to the temporary surcharge of \$0.023, the Staff notes that the surcharge will be collected from the larger number of access lines that are now in service, which reduces the amount to \$0.022. The Staff also notes that Ameritech Michigan does not bill in subpenny units and will therefore reduce the surcharge after a year by \$0.02, not \$0.023. The Staff therefore proposes that the Commission approve a surcharge of \$0.02 per access line per month to recover the cumulative deficit.

As to the permanent increase of \$0.057, the Staff notes that Ameritech Michigan had prior approval to incorporate a surcharge of \$0.135 per access line per month for the MRC and that the amount was increased earlier this year, with all of the other elements of the company's basic local exchange service rates, by virtue of the company's notice in Case No. U-11556 that it would implement an increase of 1.75%, as permitted by Section 304(2)(b) of the Act,

MCL 484.2304(2)(b); MSA 22.1469(304)(2)(b). The Staff proposes that the increase in the surcharge be reduced to reflect the amount of that prior increase and to recognize that the new surcharge will be collected from the larger number of lines now in service. The Staff calculates that these two adjustments reduce the charge to \$0.051. Also, to reflect that Ameritech Michigan does not bill in subpenny units, the Staff recommends that the amount be reduced to \$0.05.

Finally, the Staff notes that although one would expect the cost per call handled by the MRC to be leveling off (if not declining) in a mature operation, Ameritech Michigan's cost per call has continued to increase over the last three years. The Staff calculates that salaries, wages, and overhead expenses account for approximately 90% of the MRC costs, that the employee count has declined by 7% between 1994 and 1997, and yet total MRC costs have increased by 60% during the same period. The Staff says that Ameritech Michigan has been unable to offer a reasonable explanation for the increasing costs. The Staff therefore recommends an adjustment to compensate for Ameritech Michigan's inefficient operation of the MRC by reducing the surcharge an additional \$0.01 to \$0.04.

The Commission agrees with the Staff's recommendations. Given that Ameritech Michigan does not bill in subpenny increments (and therefore will be unable a year from now to eliminate all of the proposed increase associated with the cumulative underrecovery), that the new surcharge will be recovered from the access lines now in service, and that Ameritech Michigan has already increased the surcharge by 1.75%, it is reasonable to reduce the surcharge accordingly. The Commission also agrees that, in the absence of a reasonable explanation for ever-increasing costs to operate the MRC, a further reduction to encourage efficiency and to avoid rewarding inefficiency is warranted.

The Commission denies the Attorney General's requests that the Commission conduct a contested case or deny Ameritech Michigan's request. The Act requires that the Commission permit Ameritech Michigan to recover its costs of providing service through the MRC, and the Act does not require the Commission to conduct a hearing in providing that recovery. Furthermore, the Commission has adopted the Staff's recommendation of a reduction to encourage efficiency, an action that is without prejudice to conducting a prudence hearing in connection with a subsequent request to adjust the surcharge.

The Commission FINDS that:

- a. Jurisdiction is pursuant to 1991 PA 179, as amended by 1995 PA 216, MCL 484.2101 et seq.; MSA 22.1469(101) et seq.; 1969 PA 306, as amended, MCL 24.201 et seq.; MSA 3.560(101) et seq.; and the Commission's Rules of Practice and Procedure, as amended, 1992 AACR, R 460.17101 et seq.
- b. Ameritech Michigan should be permitted to increase the surcharge for MRC costs by \$0.06 per access line per month, with \$0.02 of that increased surcharge to terminate after one year.

THEREFORE, IT IS ORDERED that Ameritech Michigan is authorized to increase the surcharge for the Michigan Relay Center costs by \$0.06 per access line per month, with \$0.02 of that increased surcharge to terminate after one year.

The Commission reserves jurisdiction and may issue further orders as necessary.

Any party desiring to appeal this order must do so in the appropriate court within 30 days after issuance and notice of this order, pursuant to MCL 462.26; MSA 22.45.

MICHIGAN PUBLIC SERVICE COMMISSION

/s/ John G. Strand

Chairman

(S E A L)

/s/ John C. Shea

Commissioner

/s/ David A. Svanda

Commissioner

By its action of April 28, 1998.

/s/ Dorothy Wideman

Its Executive Secretary

Any party desiring to appeal this order must do so in the appropriate court within 30 days after issuance and notice of this order, pursuant to MCL 462.26; MSA 22.45.

MICHIGAN PUBLIC SERVICE COMMISSION

Chairman

Commissioner

Commissioner

By its action of April 28, 1998.

Its Executive Secretary

In the matter of the application of)
AMERITECH MICHIGAN for authority)
to recover its costs associated with providing)
dual party relay services.)
_____)

Case No. U-11634

Suggested Minute:

“Adopt and issue order dated April 28, 1998 authorizing Ameritech Michigan to increase the surcharge for the Michigan Relay Center by \$0.06 per access line per month, with \$0.02 of that increased surcharge to terminate after one year, as set forth in the order.”